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Strengthening of the coordination of humanitarian and disaster relief assistance of the United Nations, including special economic assistance

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Strengthening of the coordination of emergency humanitarian assistance of the United Nations

Report of the Secretary-General

Summary

The present report has been prepared pursuant to General Assembly resolution 46/182, in which the Assembly requested the Secretary-General to report annually to the Assembly and the Economic and Social Council on the coordination of emergency humanitarian assistance. The report is also submitted in response to Assembly resolution 70/106 and Economic and Social Council resolution 2015/14. The period covered by the report is from January to December 2015.

The report provides an overview of current efforts to improve humanitarian coordination and response. It describes major humanitarian trends, challenges and thematic issues, including respecting international humanitarian law and human rights law, enhancing humanitarian action in the age of the 2030 Agenda for Sustainable Development and the commitment to leave no one behind, better addressing forced displacement, and strengthening financing.

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I. Introduction

A. Key trends

1. For more than a decade, the level of humanitarian need and suffering has grown tremendously and 2015 was no exception. The number of people targeted by the United Nations and its partners to receive humanitarian assistance has tripled since 2005 to reach 82 million in a record 38 countries in 2015. During the same period, the requirements of coordinated inter-agency appeals have increased from $5.4 billion to $19.9 billion. In 2015, only $10.6 billion was received, which represents the largest funding gap ever.[1]

2. The majority of funding continues to be channelled to protracted or mega-crises. Of the 38 countries receiving international assistance, six crises[2] accounted for some 70 per cent of funding requirements in 2015 and six[3] have had appeals for 11 consecutive years. The average length of an inter-agency appeal remains seven years.

3. In 2015, 346 natural disasters were recorded, claiming an estimated 23,363 lives, affecting 90.3 million people and causing damage worth more than $65.2 billion. Almost half of the recorded natural disasters occurred in Asia.[4] It is estimated that 19.2 million people were displaced by disasters associated with natural hazards in 2015.[5] One of the strongest El Niño events on record has also led to substantial increases in humanitarian needs across numerous regions.

4. Millions of women, men and children are affected by brutal armed conflicts around the world, where serious violations of international humanitarian and human rights law are witnessed on a daily basis. Civilians are killed, injured and traumatized by indiscriminate shelling and aerial bombardments, or trapped and starved in besieged areas by parties to conflicts who flout international law and disrespect human dignity.

5. As a result, forced displacement reached unprecedented levels. As at December 2015, the number of people internally displaced by armed conflict and violence had reached a record of 40.8 million, an increase of 2.8 million compared with figures at the end of 2014.[5] The global refugee total had, as at mid-2015, reached 20.2 million, the highest number since 1992.[6] In addition, there are an estimated 10 million stateless persons worldwide.

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[1] Data as at 29 March 2016, from the Financial Tracking Service, available from http://fts.unocha.org.

[2] The Democratic Republic of the Congo, Iraq, Somalia, South Sudan, the Sudan and the Syrian Arab Republic.

[3] The Central African Republic, Chad, the Democratic Republic of the Congo, Somalia and the Sudan, as well as the Occupied Palestinian Territory.

[4] Centre for Research on the Epidemiology of Disasters. Data downloaded on 29 March 2016.

[5] Preliminary estimates provided by the Internal Displacement Monitoring Centre, as at 6 April 2016.

[6] Office of the United Nations High Commissioner for Refugees (UNHCR), "UNHCR mid-year trends 2015", 2015; and United Nations Relief and Works Agency for Palestine Refugees in the Near East, "UNRWA in figures as of 1 January 2015", 2015. Year-end data for 2015 were not available at the time of submission of the present report.

B. New opportunities

6. 2015 was a ground-breaking year, during which major reviews and panels called for significant changes in how the United Nations and the global community address global challenges. Member States agreed on significant new frameworks on disaster risk reduction, sustainable development and climate change.

7. With the adoption of the 2030 Agenda for Sustainable Development, Member States committed themselves to leaving no one behind, including vulnerable people, such as internally displaced persons and refugees, and those living in areas affected by complex humanitarian emergencies. In addressing the needs of people trapped in conflicts and disasters, Member States, the United Nations and partners have a critical role in contributing to the implementation of the 2030 Agenda.

8. The World Humanitarian Summit, to be held in Istanbul, Turkey, on 23 and 24 May 2016, is a major opportunity to help to address the challenges driving the escalating levels of humanitarian need and suffering. The report of the Secretary-General for the Summit, entitled "One humanity: shared responsibility" (A/70/709), sets out five core responsibilities and the Agenda for Humanity that are critical to delivering better for humanity. To achieve this, the Agenda should be taken forward during the next few years and progress on its implementation should be monitored.

9. The United Nations Conference on Housing and Sustainable Urban Development, to be held in Quito in October 2016, presents a further opportunity to address the increasingly urban nature of humanitarian crises.

II. Overview of humanitarian emergencies in 2015

A. Complex emergencies

10. In Iraq, the number of people in need of humanitarian assistance doubled to reach 10 million by December 2015. More than 1 million people were newly internally displaced, bringing the total to 3.3 million. Some 3 million people continued to live in hard-to-reach areas. Some 245,000 Syrian refugees were hosted by Iraq.

11. In Libya, the humanitarian and human rights situation deteriorated further as the political and security crises continued. The conflict was concentrated in urban areas and took a heavy toll on civilians. The number of internally displaced persons rose to 435,000, and the total number of people in need grew to 2.4 million. The breakdown in State institutions pushed the health system to the brink of collapse and left millions without basic State protection. Migrants and asylum seekers were particularly vulnerable to abuses.

12. A wave of attacks and violence since October 2015 in the Occupied Palestinian Territory and Israel resulted in the death of more than 22 Israelis, 141 Palestinians and 2 foreign nationals; thousands more were injured. Protection of civilian issues relating to the long-standing occupation and recurring cycles of violence include high casualty numbers, a rise in structure demolitions and potential forced displacement. A number of factors, including movement and access restrictions, continued to undermine livelihood and access to services. The recovery continued at a slow pace in Gaza, where some 90,000 people remained displaced.

13. In the Syrian Arab Republic, the armed conflict continued to intensify amid escalating needs and displacements. Since 2011, more than 250,000 people have been killed and more than 1 million injured, 6.5 million have been internally displaced (in addition to 500,000 Palestine refugees) and nearly 4.6 million refugees have fled to neighbouring countries and beyond. Some 13.5 million people were in dire need of humanitarian assistance, including more than 6 million children. Some 4.6 million people were living in hard-to-reach areas, of whom 486,700 were trapped in besieged areas. The protection of civilians remained a grave concern, in particular owing to the impact on civilians and civilian infrastructure of hostilities being conducted in densely populated areas, including indiscriminate attacks and attacks targeting civilians. More than half of the country's health-care facilities were either closed or only partially functioning, while 1 in 4 schools was closed, damaged or destroyed. Humanitarian access remained severely constrained as a result of insecurity, active conflict and interference by the parties.

14. Yemen was already mired in a humanitarian crisis when violence escalated in March 2015. By the end of the year, 2,795 civilians had been killed and 5,324 wounded. Around 82 per cent of the population (21.2 million people) needed humanitarian assistance. More than 2.5 million people were internally displaced, and 82,000 fled for Africa. More than 14 million people were food insecure, 19.4 million lacked access to clean water and sanitation and 14.1 million did not have adequate health care. Humanitarian response efforts were affected by the ongoing conflict, insecurity and impediments imposed by the parties to the conflict.

15. The political crisis and insecurity in Burundi, which began in April 2015, had left some 340 people dead and more than 230,000 as refugees as at December 2015. The instability led to a deterioration of fragile livelihoods, resulting in increasing numbers of food-insecure and malnourished Burundians. The Government's ability to provide basic services was also affected.

16. In South Sudan, the humanitarian situation continued to deteriorate, notwithstanding the signing of a peace agreement in August 2015. Armed conflict and intercommunal violence drove the number of displaced to 2.3 million, with 1.65 million people displaced internally and more than 650,000 refugees in neighbouring countries. At year-end, about 3.9 million people were severely food insecure, an increase of 80 per cent over the previous year. An unprecedented outbreak of malaria caused nearly 2.3 million cases and 1,340 deaths, while 2015 also saw a cholera outbreak, as well as measles outbreaks in multiple locations.

17. In the Sudan, protracted displacement and widespread protection concerns persisted in Darfur. By December 2015, there were 2.6 million internally displaced persons, including at least 100,000 people who had fled fighting between government forces and non-State armed groups, militia attacks or intercommunal violence over the course of 2015. In South Kordofan and Blue Nile States, hundreds of thousands of conflict-affected civilians remained inaccessible to United Nations humanitarian agencies. Continued violence and worsening food insecurity in South Sudan also drove close to 110,000 refugees into the Sudan in 2015, bringing the total number of South Sudanese refugees in the country to 195,000 by the end of the year.

18. The Central African Republic continued to face one of the worst protection crises in the world. The entire population of 4.6 million people was affected and a quarter of them were still displaced, with some 450,000 refugees and 452,000

internally displaced persons. In excess of half of the population suffered from extreme or severe food insecurity. More than 20 per cent of the health structures have been destroyed since the beginning of the conflict. Attacks against civilians and humanitarian workers continued in 2015.

19. In the Democratic Republic of the Congo, the humanitarian situation remained dire. Following more than 20 years of successive shocks and displacement as a result of armed conflict and violence, 7.5 million people required humanitarian assistance by the end of 2015. Some 4.5 million people were food insecure; almost half of the children under 5 years of age were chronically malnourished; more than 1.5 million people were internally displaced and 500,000 Congolese were living as refugees in neighbouring countries.

20. Despite progress made on the political front, the humanitarian situation in Somalia remained fragile owing to armed conflict, clan violence, insecurity, poor basic services, chronic underdevelopment and the impact of El Niño. About 4.7 million people — more than a third of the population — were in need of assistance and 307,000 children under 5 years of age were malnourished. Attacks by terrorist groups and non-State armed actors increased, particularly from Al-Shabaab, resulting in civilian casualties and making the delivery of aid extremely difficult owing to the targeting of humanitarian partners. More than 42,000 people were newly displaced by military operations in 2015.

21. Violence relating to Boko Haram in north-eastern Nigeria and the surrounding regions of Cameroon, Chad and the Niger exacerbated already high levels of vulnerability, food insecurity and malnutrition. By the end of 2015, some 9.2 million people in the region were in need of urgent humanitarian assistance; 2.8 million people had been forced to flee their homes, including 215,000 refugees and 2.5 million internally displaced in Cameroon, Chad, the Niger and Nigeria. Protection issues were a major concern, with children, young people and women bearing the brunt of the violence, and sexual and gender-based violence continued to be rampant.

22. In the Sahel, more than 20 million people were food insecure in 2015, and acute malnutrition threatened the lives and development of 5.8 million children under 5 years of age. Nearly 1 in 5 children in the Sahel dies before the fifth birthday and a third of these deaths are associated with malnutrition. Violent extremism and armed conflicts led to the displacement of 4.4 million people, a threefold increase in less than two years.

23. In Ukraine, despite the adoption of the Package of Measures for the Implementation of the Minsk Agreements, sporadic fighting continued along the "contact line" between government forces and armed groups. At least 3.8 million people were affected, more than 3 million of whom required humanitarian assistance. Some 800,000 people living along the "contact line" faced insecurity, severe movement constraints, the loss of livelihoods, the absence of the rule of law, protection concerns and limited access to basic services. The needs of some 2.7 million people living beyond the "contact line" in non-government-controlled areas were acute.

24. In Afghanistan, more than 335,000 people were displaced by a conflict growing in intensity and geographic scope in 2015, an increase of 78 per cent compared with 2014, bringing the total number of displaced people since 2012 to

more than 749,000. In Pakistan, the number of displaced persons decreased from 1.6 million to 1.1 million, following ongoing returns to the Federally Administered Tribal Areas in 2015.

25. Myanmar continued to experience a combination of natural disasters, armed conflict, intercommunal tensions, statelessness, trafficking and migration. More than 240,000 people remained displaced in Kachin, Shan and Rakhine States. Intercommunal tensions and restrictive policies and practices in Rakhine State affected displaced persons in camps and surrounding communities. In particular, the Rohingya faced ongoing restrictions on their freedom of movement, affecting their ability to gain access to lifesaving basic services. In desperation, many in Rakhine embarked on dangerous sea journeys, leading to a crisis in the Bay of Bengal and the Andaman Sea. Despite a nationwide ceasefire agreement being signed with eight armed groups in October 2015, unresolved conflict caused new displacement.

26. In the Philippines, early in 2015, fighting in central Mindanao between the military and police on one side, and non-State armed groups on the other, displaced more than 125,000 people. About 23,000 people remained internally displaced in Zamboanga.

27. In Haiti, the cholera epidemic affected some 36,000 people and killed 336 in 2015. According to figures released by the Dominican Republic, the binational mixed migration crisis resulted in the return to Haiti of nearly 128,000 Haitians, of whom some 15,000 were officially deported. Some 62,000 people remained displaced by the earthquake of 2010 in camps with poor living conditions, as a result of declining basic services and a lack of funding.

28. Serious violations of international humanitarian law and human rights law by parties to conflicts were reported and confirmed in a number of the complex emergencies described above.

B. Disasters associated with natural hazards

29. The 2015/16 El Niño phenomenon is one of the three strongest on record and has affected tens of millions of people since it was confirmed in May 2015. Changes to temperature and precipitation patterns induced by El Niño contributed to declining food security, nutrition, health and sanitation worldwide. The most substantial increases in humanitarian needs linked to the phenomenon were reported in Eastern Africa, Southern Africa, Central America and the Pacific islands. To date, eight countries have declared a national state of emergency, while a number of others have declared states of emergencies in particular regions.

30. Ethiopia has been the country most affected by El Niño to date. The country witnessed its worst drought in 50 years and more than 10.2 million people will need humanitarian food assistance in 2016, compared with 2.9 million early in 2015. Heavy rains and drought affected 145,000 people throughout Somalia, in addition to 550,000 in the Democratic Republic of the Congo. Some 385,000 people have been affected by drought relating to El Niño in northern Somalia. In Southern Africa, 28 million people were food insecure by the end of 2015, with an intense drought relating El Niño to adding to a poor harvest in 2014/15. In Central America, more than 4.2 million people were affected by drought conditions linked to El Niño. In Haiti, drought aggravated by the phenomenon had an impact on food security, with

3.6 million people becoming food insecure and nearly 1.5 million severely food insecure. In the Pacific, more than 3.5 million were affected by drought. Some 4.7 million people throughout South and South-East Asia were affected by heat waves and severe drought relating to El Niño. Humanitarian needs will continue to increase in 2016.

31. Several natural disasters devastated many countries in the Asia and Pacific region in 2015. In March, Tropical Cyclone Pam caused widespread damage in Vanuatu, affecting 70 per cent of the population. Nepal was hit by two consecutive earthquakes in April and May, which killed more than 8,800 people, left 5 million people in need of lifesaving humanitarian assistance and destroyed more than 600,000 homes. Flash floods and landslides devastated parts of India, while heavy flooding affected 12 of the 14 regions of Myanmar, killing 172 people, destroying crops and farmlands and temporarily displacing 1.7 million people. Typhoons Koppu (October) and Melor (December) hit the Philippines, killing several dozen people, temporarily displacing about 1 million people and damaging more than 400,000 homes.

C. Ebola virus disease emergency response and future coordination for health emergencies

32. With more than 28,600 confirmed, probable and suspected cases and more than 11,300 deaths, the Ebola virus disease crisis exposed weaknesses in national health systems in Guinea, Liberia and Sierra Leone and underscored the need for investment to strengthen their resilience. It also demonstrated that there was inadequate capacity at the global and regional levels to effectively respond to a major outbreak. While the crisis was initially considered a health crisis, the need for an inter-agency response to address its multisectoral impacts was soon recognized. The crisis was eventually curtailed, with the full involvement of a large array of humanitarian actors, and with a strengthened World Health Organization (WHO) in the field working with operational partners to implement an evolving response strategy across the various phases of the outbreak.

33. The Ebola response demonstrated the importance of first-line responders, including national and international health-care and humanitarian workers contributed by Member States, international organizations, the International Red Cross and Red Crescent Movement and non-governmental organizations. According priority to community ownership, adapting the response to urban areas and engaging with the private sector were also essential. At-risk countries need to develop and strengthen core capacities under the International Health Regulations and reinforce partnerships with communities as part of their preparedness efforts. All relevant actors should also reinforce and support national and local health-related systems.

34. The United Nations Mission for Ebola Emergency Response played an important role in providing overall leadership of the United Nations system in the affected countries. However, the experience of its ad hoc structuring also triggered a call for more predictability to respond to future public health emergencies, with WHO as the technical lead agency for international health work and the systematic and early involvement of members of the Inter-Agency Standing Committee in the operational aspects of the response. In this regard, efforts should be made by the humanitarian and public health communities to strengthen the interface between

existing humanitarian coordination and response mechanisms and those that apply during public health emergencies.

III. Delivering better for people

A. Serving the needs of people in conflict

Respect for international law

35. In 2015, civilian deaths and suffering continued unabated, owing to the blatant and shocking erosion of respect for international humanitarian law and human rights law, with repeated direct attacks against civilians and civilian infrastructure, including schools and hospitals, indiscriminate attacks, sieges and the arbitrary denial of humanitarian access.

36. The international community must invest more in preventing and finding political solutions to conflicts. When wars occur, the norms that protect and safeguard humanity must be upheld. All State and non-State parties to armed conflict must comply with the fundamental international humanitarian law rules of distinction, proportionality and precautions in — and against the effects of — attacks. These rules strictly prohibit all attacks directed against civilians, persons hors de combat and civilian objects, as well as the use of indiscriminate means and methods of warfare, and require feasible precautions to prevent and minimize civilian harm. Hospitals, schools, places of worship and other critical civilian infrastructure must not only be spared from military force, but should also not be used in support of any military effort.

37. All States must use their political and economic leverage to ensure that parties to armed conflict comply with international humanitarian law and human rights law. States must also carry out effective investigations into allegations of serious violations of international humanitarian law and human rights law and ensure that perpetrators are held accountable.

Humanitarian access

38. Meeting people's needs for food, water, medical care and other supplies vital for their survival is a core obligation of States and a fundamental prerequisite of humanity. Denying humanitarian access to besieged areas in order to achieve military gains or preventing civilians from safely leaving those areas is strictly prohibited.

39. The humanitarian principles of humanity, impartiality, neutrality and independence are central to establishing and maintaining access to populations in need and must be respected by all actors. The importance of acceptance and the ability to engage with all relevant parties has never been so apparent and remains the cornerstone of the ability of humanitarian organizations to reach people in need, and to stay and deliver.

40. States do not enjoy unfettered discretion to turn down offers of impartial humanitarian assistance if persons are in need of relief. Whenever the essential needs of civilians are inadequately met, the States concerned must not arbitrarily withhold consent to relief operations that are impartial and humanitarian.

41. All parties to armed conflict must allow and facilitate rapid and unimpeded humanitarian access, including through clear, simple and expedited procedures. These should include measures to ease movements, in particular regarding visas, permits and customs clearance, as well as exemptions from taxes, duties, fees and inspections. Clear information should also be provided on applicable procedures. These measures could be inspired, for example, by good practices established in natural disaster settings.

Protecting humanitarian and health-care workers

42. The delivery of humanitarian assistance and health care to those in need demands the highest respect and protection from the effects of hostilities. Yet, health-care workers, facilities and means of transport, the sick and wounded, as well as humanitarian workers and objects used for humanitarian relief operations, are the subject of repeated attacks, often as a tactic of war. This deprives affected populations of desperately needed lifesaving services, jeopardizes the continuation of relief operations, hinders recovery and has long-term development consequences.

43. Preliminary records from the Aid Worker Security Database show that 238 aid workers were killed, kidnapped or seriously wounded in 2015. The largest proportion of aid workers killed (71 of 96) were victims of targeted attacks or crossfire while delivering assistance. Casualties caused by aerial attacks (primarily on health facilities) have increased to unprecedented levels, with 42 people killed or injured. Almost 90 per cent of the victims (210 of 238) were national staff, who account for the majority of humanitarian and health-care workers.[7]

44. More must be done by all relevant actors to reverse this unacceptable trend. All State and non-State parties to armed conflict are bound by a strict obligation to respect and protect health-care workers, their means of transport and facilities, the sick and wounded, as well as humanitarian workers and objects used for humanitarian relief operations, against attack, threats or other violent acts. The enactment and enforcement of national laws and regulations, education and training, cooperation with local communities, sharing of challenges and best practices, and the systematic collection and reporting of data on violations are also key to enhancing the delivery and safety of humanitarian and medical assistance.

Humanitarian impact of explosive weapons in populated areas

45. The use of explosive weapons in populated areas continued to exact an unacceptable toll on civilians. Globally, 43,786 deaths and injuries from explosive weapons were recorded in 2015; 76 per cent were civilians (33,307). When explosive weapons were used in populated areas, 92 per cent of deaths and injuries were civilians, compared with 31 per cent in non-populated areas.[8]

46. The mounting deaths and horrific injuries demand action to better protect civilians from the use of such weapons, which have catastrophic longer-term impacts on the civilian population, such as the destruction of housing, schools, hospitals and critical infrastructure; the forced displacement of civilians; the loss of development opportunities; and the lethal legacy of explosive remnants of war, which kill and injure civilians for decades after hostilities have ended.

[7] As at 1 April 2016, the figures for 2015 had not been finalized.
[8] Figures provided by Action on Armed Violence.

47. All parties to armed conflict should refrain from using explosive weapons with wide-area effects in populated areas. Member States should take specific steps to address this problem as a priority, including by engaging constructively in the process launched at an international expert meeting, hosted by Austria and the Office for the Coordination of Humanitarian Affairs in September 2015, to develop a political declaration on this issue.

B. Leaving no one behind

48. The 2030 Agenda contains commitments to leaving no one behind and to reaching those furthest behind first. This involves, among other measures, meeting the needs of internally displaced persons, refugees, stateless persons and migrants and empowering and protecting women and girls.

Meeting the needs of refugees, internally displaced persons and migrants

49. In 2015, the number of refugees, asylum seekers and internally displaced persons as a result of conflict, persecution and violence exceeded 60 million worldwide. Millions more people are displaced by disasters triggered by natural hazards, with an average of more than 26 million newly displaced in each of the past seven years. More frequent and intense extreme weather events associated with climate change, as well as rising sea levels, are expected to exacerbate this trend. More than half of the refugees and internally displaced persons worldwide reside outside camps, in cities or informal settlements.

50. The large number of people fleeing conflicts and persecution across borders has found some countries ill-prepared, and in some cases unwilling, to handle such movements, resulting in greater suffering and death. Increasing numbers of refugees, asylum seekers and migrants are crossing international borders in search of protection or a better life, and more than 5,000 died during their perilous journey in 2015.[9] Often, refugees, asylum seekers and migrants caught in crises do not receive the assistance that they need, owing to fear of arrest or discrimination. Promoting social inclusion and integration for all should be a priority, including by combating xenophobia, discrimination, violence and racism.

Addressing forced displacement

51. Forced displacement is neither a short-term challenge nor only a humanitarian one: it is a complex protection, political and development challenge. For millions of those displaced within their own countries, not being left behind means having the ability to return to their homes, to be better integrated into their host communities or to settle elsewhere, if needed. While humanitarian assistance to refugees and internally displaced persons in a crisis remains essential, efforts to improve their lives and self-reliance must be strengthened. This change requires political resolve at the national and international levels to address displacement.

52. The international community should commit itself to measurably reducing internal displacement in a safe and dignified manner, including by working towards a target of 50 per cent by 2030, with the aim of achieving durable solutions for internally displaced persons. A number of operational, financial, legal and policy

[9] International Organization for Migration, Missing Migrants Project, latest global figures, 2015.

steps must be taken, adapted to each specific context: first, national Governments should lead efforts to develop and implement long-term strategies to address internal displacement and support durable solutions, as part of urban and rural development strategies; second, international organizations and partners should assist States in their efforts to reduce protracted internal displacement and not only to manage "caseloads" indefinitely; and third, Member States and regional organizations should continue to develop and apply national policies and legal frameworks, and regional frameworks, respectively, to protect and address the needs of displaced persons, on the basis of the Guiding Principles on Internal Displacement.

Opportunities to address forced displacement and migration

53. In 2016, there have been and will be a number of key events aimed at addressing the various challenges of forced displacement and migration. In March 2016, UNHCR hosted a high-level meeting with Member States on the topic "Global responsibility-sharing through pathways for admission of Syrian refugees". In May, the World Humanitarian Summit will seek commitments to stronger humanitarian and development action to address forced displacement, and enhanced support for local systems. In September, the General Assembly will hold a high-level meeting on addressing large movements of refugees and migrants to better safeguard the rights of those on the move.

Empowering and protecting women and girls

Gender equality and women's empowerment

54. Gender equality and women's empowerment are crucial for effective humanitarian action. Women and girls are disproportionately affected by crisis and exposed to gendered risks and vulnerabilities. Recognizing and addressing the differing needs, experiences and priorities of women, girls, boys and men of different ages should be the fundamental basis that informs humanitarian action, and is critical to ensuring gender equality in sustainable development.

55. To effectively address the needs of all affected populations, humanitarian actors must include women in decision-making at all levels, promote women's leadership and engage women as first responders, including through partnerships with local women's groups, civil society actors and national institutions.

56. Increased accountability mechanisms for commitments for gender equality and women's empowerment made in the global, regional and national normative frameworks are essential. The Inter-Agency Standing Committee Gender Marker and other monitoring tools must be fully integrated throughout the humanitarian programme cycle. Humanitarian funding mechanisms should also mandate and encourage gender equality programming.

Gender-based violence

57. Gender-based violence is a human rights, protection and health issue, which is exacerbated in conflict, disaster and displacement. In some crisis settings, it affects more than 70 per cent of women. Gender-based violence, including sexual violence, continued to be a deeply concerning pattern in 2015, especially against adolescent girls. Conflict-related sexual violence has been used as a deliberate form of

persecution and a driver of forced displacement, including in the context of rising violent extremism and as a tactic of terrorism (see S/2015/203).

58. The Inter-Agency Standing Committee Guidelines for Integrating Gender-based Violence Interventions in Humanitarian Action detail minimum interventions for prevention and response to gender-based violence. High-level commitment to prevent and respond to gender-based violence is essential, including through the Call to Action on Protection from Gender-based Violence in Emergencies and through increased funding for gender equality programming.

Sexual and reproductive health

59. The lack of access to sexual and reproductive health services and information in conflict areas can have severe, even fatal, consequences for women and girls. Every day, an average of 507 women and adolescent girls die from complications of pregnancy and childbirth in emergency and fragile contexts. An estimated one quarter of the people in need of humanitarian assistance in 2015 were women and adolescent girls of reproductive age. In crises, women and girls face heightened risks of HIV infection, unintended and unwanted pregnancy, child and forced marriage, intimate partner violence, rape and trafficking.[10] In addition, populations with physical, psychological or developmental disabilities have greater difficulty in gaining access to sexual and reproductive health services.

60. Investing in stronger and more resilient health systems is essential, and humanitarian and development actors have an important role to play in creating trust between communities and health systems to bridge the gap in reproductive, maternal, newborn, child and adolescent health service delivery, access and funding across the humanitarian and development continuum.

C. New way of working to reduce need, risk and vulnerability

61. Today's crises tend to disrupt people's lives for years and even decades, with people remaining dependent on aid for far too long. Predictable, timely and relevant assistance to people in need remains as important as ever. Nothing should undermine the commitment to principled humanitarian action. At the same time, there must be greater efforts to prevent crises in the first place and reduce people's needs, risk and vulnerability over time.

62. A new way of working should be developed to ensure that the needs of the millions requiring humanitarian assistance are met in accordance with humanitarian principles, while at the same time enabling all relevant actors to work together to reduce needs, vulnerability and risk and support the achievement of the 2030 Agenda. Placing greater emphasis on preventing crises and managing risks, focusing on reinforcing national, local and individual capacity, and transcending humanitarian-development divides can help to achieve this aim.

Preventing crises and managing risks

63. The Sendai Framework for Disaster Risk Reduction 2015-2030, the 2030 Agenda and the World Humanitarian Summit consultations call for a step change in

[10] *State of World Population 2015* (United Nations publication, Sales No. E.15.III.H.1).

efforts to anticipate and prevent crises. Understanding risks and acting upon them in a timely manner is essential to saving more lives and minimizing suffering. Frameworks that identify and manage risks should be in place in all contexts, risk analysis should be shared among organizations, and information and analysis should lead to early action.

64. Strong data and shared analysis, with added capacity and financial resources to ensure consistent data collection and standards, are needed to identify where the greatest risks, vulnerabilities and needs are. This requires a strengthened skill set and toolbox to enhance the ability to conduct sound crisis risk analysis, relating to both natural disasters and complex emergencies, including on urban risk. The Index for Risk Management represents an essential step towards building a strong evidence base on humanitarian crisis risks that helps to inform humanitarian and development planning.

65. More diverse tools should also be used to share risks, such as insurance-based schemes or social safety nets. Regional disaster-risk pools provide the opportunity to share disaster risks more equitably among countries. The Secretary-General's "Climate Resilience Initiative: Anticipate, Absorb, Reshape" seeks to expand the coverage of such regional risks pools to ensure that more than 30 countries are provided with $2 billion in coverage against drought, flood, cyclones and climate volatility.

Reinforcing national and local capacity

66. Resources and capacity development in prevention, mitigation, preparedness, response and recovery should be directed to national and local actors and institutions. This respects people's desire to be resilient, reduces dependency on foreign assistance and prevents longer-term, costly international engagements. Before crises strike, capacity mapping and greater connectivity is needed to identify and support the national and local actors best positioned to meet and reduce needs.

67. Partnerships with local counterparts, such as volunteers, civil society organizations, local businesses and extended diaspora networks, must be strengthened. Significant efforts must also be made to understand the priorities identified by people themselves. Open channels of two-way communication must be established to understand and respond to the changing needs of affected people.

68. Where national systems are overwhelmed or compromised by crises, or in times of conflict, international assistance plays an important role in alleviating need. Connecting with and reinforcing the capacity of local responders, and making use of the assets and capacity closest to crises, must still be central to efforts.

Transcending humanitarian-development divides

69. The 2030 Agenda provides a transformational 15-year results framework to meet the needs of people. Working towards collective outcomes that reduce need, risk and vulnerability over time on the basis of joint risk analysis and multi-year planning is essential to transcending humanitarian-development divides and ensuring that people in or at risk of crises are not left behind. In working towards these outcomes, the humanitarian principles will underpin humanitarian action.

70. Beginning with a shared understanding of the greatest needs and risks, all relevant actors should work towards collective outcomes over multiple years that

address needs and the top priority areas to improve the circumstances of crisis-affected people. Resident/humanitarian coordinators should also be empowered to enable strong leadership for the United Nations and its partners' contributions to reducing need, vulnerability and risk, by bringing together the actors who can best deliver on those priorities (those with demonstrated comparative advantage, taking into account mandate responsibilities) and coordinating the delivery of the priorities. To enable this new way of working, there will need to be a shift from funding individual projects or particular partners to funding the achievement of these collective outcomes predictably and sustainably over multiple years, and to promote early action by development actors.

D. Strengthening financing

71. Greater investment in people, local actors and national systems, by increasing their access to funding to build their capacity and respond to risks and crises, is needed. Mechanisms such as country-based pooled funds have already proven to be one of the main sources of funding for local and national responders and one of the few instruments that enable direct and decentralized field-driven humanitarian assistance. Other pooled funds, such as the Disaster Relief Emergency Fund of the International Federation of Red Cross and Red Crescent Societies, also provide much-needed direct funding to frontline responders.

72. In 2015, country-based pooled funds raised $591 million — the largest amount ever raised in a single year — and allocated $505 million in 18 countries.[11] Some 17 per cent of the allocated amount — some $85 million — was channelled to national non-governmental organizations alone, which represents a significant portion of global funding received by local and national non-governmental organizations.[12] To further build on this trend, consideration should be given to increasing the overall portion of humanitarian appeal funding channelled through country-based pooled funds to 15 per cent of appeal requirements.

73. Greater investment in high-risk areas to prepare for catastrophes and, wherever possible, prevent them altogether is also needed. In 2014, it is estimated that only 0.4 per cent of official development assistance was spent on disaster prevention and preparedness.[13] Equally, funding for peacebuilding and conflict prevention remains insufficient and greater investment for fragile situations is needed.

74. With a 10-year track record, the Central Emergency Response Fund is acknowledged as one of the most effective global humanitarian financing tools that provides swift, unearmarked and needs-based funding for lifesaving humanitarian assistance. In 2015, the Fund received $403 million in voluntary contributions and allocated $470 million for lifesaving humanitarian activities in 45 countries through rapid response and underfunded emergency grants.[14] Recognizing the Fund's unique role and with the aim of addressing the considerable increase in global humanitarian

[11] As reported to the Office for the Coordination of Humanitarian Affairs Contribution Tracking System and the Multi-Partner Trust Fund Office Gateway, as at 26 January 2016.

[12] The latest estimates available for 2014 indicate that funding given directly to local and national non-governmental organizations was 0.2 per cent of total humanitarian funding (Development Initiatives, "Global humanitarian assistance report 2015").

[13] Data retrieved from the OECD.Stat database on 19 January 2016.

[14] Data downloaded on 29 March 2016.

needs over the past decade, consideration should be given to expanding the Fund to $1 billion by 2018, including through new and additional funding sources.

75. The international community also needs to make better use of different financing instruments beyond the current practice of grants. A range of financial tools should be employed to reduce risks over a multi-year period, while incentives should be added to promote innovation as a means of developing tools that enhance preparedness and reduce fragility and risk. This would include reviewing the current development financing instruments, tools and approaches that may be used in fragile and protracted situations and that can have a complementary and positive effect in addressing humanitarian caseloads, such as risk insurance, catastrophe bonds, loans, loan guarantees and innovative mechanisms such as the proposed international solidarity levy. The United Nations, the World Bank and others should also consider the options for an international financing platform that would provide incentives for these financing practices, especially in protracted crises.

76. The successful implementation of the "grand bargain", as set forward in the report of the High-level Panel on Humanitarian Financing and endorsed in the report of the Secretary-General for the World Humanitarian Summit (A/70/709), would, among other elements, enable humanitarian actors to demonstrate greater transparency on expenditure, and donors to increase the amount of unearmarked funding and simplify reporting procedures and funding conditionalities. Broadening the donor base is also essential, and further efforts need to be made to leverage domestic resources and the private sector.

IV. Progress in the coordination of humanitarian action

77. While significantly more must be done to address the challenges driving humanitarian need and suffering, the United Nations and its partners have continued to make substantial progress in the coordination of humanitarian action in the areas described in the paragraphs below.

A. Humanitarian programme cycle

78. The introduction, two years ago, of the humanitarian programme cycle, which encourages partners to build collective responses on an improved evidence base and continuous monitoring, has been an important step in enhancing the effectiveness of humanitarian action in the field and in reducing needs and vulnerabilities. In 2015, humanitarian country teams in 15 operations developed multi-year plans and sought to strengthen the linkages between humanitarian and development assistance, build national and local capacity and incorporate risk management.

79. In the spirit of reinforcing and not replacing national and local systems, the Office for the Coordination of Humanitarian Affairs and global clusters supported humanitarian country teams to link up better with subnational coordination hubs and promote the increased participation of local governments, non-governmental organizations and other local actors. Increased attention has also been given to the coordination and delivery of cash assistance, including multipurpose cash grants, given that cash is demonstrated to be a flexible, efficient and empowering

humanitarian response modality that maximizes joint programming opportunities and collective impact, where contextually feasible.

80. In 2015, humanitarian country teams in more than 24 operations invested in more rigorous joint needs analysis. Estimates of the number of people affected by a crisis and in need of assistance have become clearer and more systematic. Some country teams, as in Afghanistan, South Sudan and the Syrian Arab Republic, developed detailed indicator-driven severity analysis of affected areas. The increased use of mobile data-collection platforms is further contributing to enhancing the speed and quality of assessments. In the Syrian Arab Republic, better profiling of the complex nature of needs in cities allowed the first urban-specific humanitarian needs overview to be piloted.

B. Data, risk analysis and information management

81. The sharing of available data in open and widely accessible formats — with appropriate security and privacy protections — is crucial for the development of sound joint analysis. In 2015, the Humanitarian Data Exchange became a central resource, comprising close to 4,000 data sets that were shared by more than 200 counterparts, including Governments, non-governmental organizations, academic institutions and United Nations entities. The data have been used to better understand the response to specific crises and analyse global challenges.

82. Risk analysis and capacity mapping should be the primary basis for determining the type and level of international engagement. In 2015, the Index for Risk Management supported the development of open-source risk models in a number of regions and countries and will continue to offer support to Governments and regional and national organizations wishing to develop subnational risk models, including by building national capacity to own and maintain such models.

83. Humanitarian actors should collect, analyse and use data disaggregated by sex, age and disability to identify, accord priority to and track the progress of the most vulnerable and disadvantaged groups, as well as those most exposed to protection risks, towards the achievement of the 2030 Agenda. There is also a need to have more urban-disaggregated data and to ensure that skills and tools are available to analyse urban risks and needs.

84. During the reporting period, the Office for the Coordination of Humanitarian Affairs continued a multi-year workstream to develop new digital platforms and systems and modernize existing ones to improve information services for the humanitarian community. In addition, the web platform of the Financial Tracking Service was enhanced, along with the underlying database, improving the transparency of humanitarian financing data and tracking new modalities, such as cash transfer programming and multi-year planning. Furthermore, many United Nations humanitarian agencies and clusters have increased the quality and scope of their information management tools, such as the UNHCR data portal or the International Organization for Migration Displacement Tracking Matrix.

C. Centrality of protection

85. Recognizing the imperative of placing protection at the centre of humanitarian action, a growing number of humanitarian organizations accord priority to protection through the integration of protection objectives or the mainstreaming of protection in their programming. There has also been progress to incorporate protection mainstreaming principles and priorities in humanitarian strategic planning and decision-making processes, in particular humanitarian needs overviews and strategic response plans. In addition, in 2015, humanitarian country teams in Iraq, South Sudan and the Syrian Arab Republic adopted strategic protection strategies acknowledging that protection is a shared responsibility and identifying key protection priorities and accountability mechanisms.

86. However, the independent whole of system review of protection in the context of humanitarian action found that, despite critical initiatives, such as the Secretary-General's Human Rights Up Front initiative and the statement by the principals of the Inter-Agency Standing Committee on the centrality of protection in humanitarian action, all actors must do more to ensure that protection is an integral part of early action, decision-making and response. Moreover, there must be zero tolerance for sexual exploitation and abuse by humanitarian workers.

87. The findings of operational peer reviews carried out by the Inter-Agency Standing Committee in several countries and recent consultations within the humanitarian sector led by the Global Protection Cluster reiterated key themes that must inform future protection efforts. First, they point to the need to better understand and capitalize on the contribution of assistance actors to protection outcomes. Second, they reaffirm the importance of the commitment of senior humanitarian leadership to ensure that protection is made a priority. Third, strong protection analysis and engagement with affected communities are essential to support effective strategies and responses. Fourth, strengthening dialogue with development, political, human rights and security actors is crucial to ensure more complementary approaches to protection, while recognizing one another's distinct roles and mandates. Fifth, clear incentives, protection-specific guidance and capacity from headquarters are also vital. Field actors must be supported by headquarters and be able to voice concerns without fear of repercussions.

D. Community engagement and accountability to affected people

88. There is an ongoing need to improve accountability to, and continuous engagement with, affected people to strengthen humanitarian effectiveness. Various tools have been developed, such as the Core Humanitarian Standard on Quality and Accountability, which has been endorsed by more than 200 non-governmental organizations. The Inter-Agency Standing Committee operational peer reviews conducted in 2015 emphasized that, while several individual organizations collected feedback from communities, it was neither consistent nor systematically captured to inform adjustments to the collective humanitarian response. The Ebola crisis also required new thinking on how to address the widespread lack of information and misunderstandings during public health emergencies and to overcome the lack of trust in responders.

89. More must be done to engage affected people more systematically and enhance accountability, including through the use of common feedback mechanisms. In the response to the earthquakes in Nepal, an inter-agency common feedback mechanism was established, which had the dual purpose of providing timely and accurate information to affected people and collecting, aggregating and analysing feedback from communities to influence decision-making processes. The launch of the inter-agency Iraq call centre is another example of a collective effort to provide timely information to affected people, while also responding to feedback and complaints, and increasing situational awareness of hard-to-reach areas. Humanitarian actors should ensure that feedback mechanisms are systematically set up from the onset of emergencies, and should consider replicating and adapting a common approach model in different contexts, especially in complex emergencies.

E. Effective partnerships and complementarity

90. The humanitarian sector aims to bring together a diverse set of partners and leverage their networks for more effective humanitarian action. In particular, the United Nations has engaged with a number of regional organizations to strengthen humanitarian coordination and response. In 2015, the United Nations and the Association of Southeast Asian Nations successfully completed their first five-year partnership framework on disaster risk reduction, response and recovery. The United Nations also supported the Caribbean Disaster Emergency Management Agency to respond to natural disasters in the Bahamas and Dominica. With technical support from the United Nations, the African Union adopted its humanitarian policy framework and disaster management guidelines. The African Union also led the development of African common positions on key global processes, namely the Sendai Framework and the World Humanitarian Summit. The United Nations also worked with regional organizations, such as the Organization of Islamic Cooperation and the League of Arab States, to continue advocating financial support for specific crises.

91. The scale and involvement of private sector actors in humanitarian action and the impact that natural disasters and conflict situations have on business are increasingly recognized. The private sector brings value and innovation, especially in key areas such as telecommunications, logistics and cash transfer. The engagement and support of the private sector are better tracked and coordinated, as in the cases of the natural disasters in Nepal and Vanuatu.

F. Strengthening human resource capacity

92. Effective humanitarian action requires the timely deployment of staff and assets. The United Nations continues to accord priority to and strengthen the timely recruitment and deployment of skilled and experienced humanitarian staff, while remaining committed to the need for gender balance and diversity in geographical representation. The Office of Human Resources Management is working with a number of other departments on diversity outreach activities and events in numerous countries. In addition, more diverse social media outlets will be used to post vacancies with the aim of attracting a greater diversity of candidates.

V. World Humanitarian Summit

93. After almost three years of extensive consultations reaching more than 23,000 people in 153 countries, the World Humanitarian Summit will be held in Istanbul on 23 and 24 May 2016. The Summit offers a historic opportunity to reinspire and reinvigorate the shared commitment of the international community to humanity and the universality of the humanitarian principles.

94. The Summit will be framed by the vision put forward by the Secretary-General in his report (A/70/709), which lays out five core responsibilities (global leadership to prevent and end conflicts; uphold the norms that safeguard humanity; leave no one behind; change people's lives — from delivering aid to ending need; and invest in humanity), and in his Agenda for Humanity. The Secretary-General calls upon Member States, the United Nations and humanitarian organizations and other relevant stakeholders to act upon these five core responsibilities to deliver for humanity. Global leaders and other stakeholders at the Summit are urged to commit themselves to taking the Agenda for Humanity forward and to making it a framework for action, change and mutual accountability. Given the urgency of ending the suffering experienced by millions of people today, the Secretary-General calls for progress to be made in the implementation of the Agenda for Humanity during the coming three years.

95. The Summit will result in a Chair's summary, as well as in a commitments to action document that will reflect the specific set of actions and commitments made by global leaders throughout the Summit. A report of the Secretary-General on the outcomes of the Summit will also be prepared in accordance with General Assembly resolution 70/106. The report will be submitted to the Assembly at its seventy-first session.

VI. Recommendations

96. On the basis of the foregoing, the Secretary-General recommends the following:

(a) Member States, non-State armed groups and humanitarian organizations should continue to promote and ensure full respect for and adherence to the humanitarian principles of humanity, impartiality, neutrality and independence;

(b) Member States and non-State armed groups should take all measures necessary to ensure compliance with international humanitarian law, and promote accountability for violations; and Member States, the United Nations and humanitarian organizations should condemn instances of such violations more consistently and systematically;

(c) Member States should investigate and ensure accountability for violations of international humanitarian and human rights law perpetrated by all parties to armed conflict, including attacks against health-care personnel, facilities and their transport, as well as humanitarian workers and objects used for humanitarian relief operations, and the wilful deprivation of items necessary for survival, by pursuing all national and international options;

(d) Member States and non-State armed groups should stop the military use and targeting of hospitals, schools, places of worship and other critical civilian

infrastructure; and Member States should adopt and effectively implement the required national measures, including legislative, regulatory and practical measures, to ensure respect for their international legal obligations pertaining to the protection of the wounded and sick and health-care personnel, facilities and medical transport;

(e) Member States and non-State armed groups should take all measures necessary to enhance their respect for the fundamental international humanitarian law rules of distinction, proportionality and precautions, including by putting in place appropriate doctrine and training;

(f) Member States, United Nations entities and civil society organizations should recognize and raise awareness of the widespread and predictable pattern of harm resulting from the use of explosive weapons with wide-area effects in populated areas, work towards a political commitment to address such use and develop practical measures to minimize civilian harm;

(g) Member States and non-State armed groups must allow and facilitate rapid and unimpeded humanitarian access;

(h) Member States should ensure clear, simple and expedited procedures for the deployment of humanitarian personnel and goods;

(i) Member States, the United Nations and humanitarian and development organizations should commit themselves to measurably reducing internal displacement in a safe and dignified manner, including by working towards a target of 50 per cent by 2030, with the aim of achieving durable solutions for internally displaced persons;

(j) Member States, the United Nations and humanitarian and development organizations should ensure better protection of and assistance to internally displaced persons and redouble their efforts and cooperation, including with the private sector and international financial institutions, to work collectively and in multi-year frameworks to address the long-term nature of displacement and to promote the self-reliance of forcibly displaced people and solutions to their plight;

(k) Member States should support the development, ratification and full implementation of regional frameworks, national policies and legal frameworks on internal displacement, on the basis of the Guiding Principles on Internal Displacement;

(l) Member States, the United Nations and humanitarian organizations should provide the human and financial resources necessary to deliver programmes responsive to the different and context-specific needs of affected people, including through the systematic collection, analysis and use of data disaggregated by age, sex and disability, and by according priority to funding for gender equality programming;

(m) The United Nations and humanitarian and development organizations should actively engage with people affected by crises, ensuring that women, girls, boys and men are included in all levels of decision-making processes, and in particular ensure the equal participation of women and girls in decision-making to include their capabilities to meet their different age- and gender-specific priorities, needs and specific vulnerabilities;

(n) Member States, the United Nations and humanitarian organizations should continue to work jointly to ensure that the rights of women, girls, boys and men are upheld and that their different needs, vulnerabilities, and capabilities are adequately integrated into preparedness, response and recovery efforts; in particular, actors should recognize and accord priority to the need for access to sexual and reproductive health services and information, programmes that prevent and respond to gender-based violence and to allocate appropriate and commensurate resources to gender equality programming, including to national organizations and women's groups;

(o) Member States, the United Nations and humanitarian organizations should strengthen accountability to affected people, including by collectively providing information to affected people and collecting, aggregating and analysing feedback from communities to influence decision-making processes;

(p) Member States, the United Nations and humanitarian organizations should consider cash equally and systematically alongside other forms of humanitarian assistance, and where cash is considered feasible, it should be the preferred and default modality;

(q) Member States and other relevant actors should increase their support for the Central Emergency Response Fund so that it will reach $1 billion in contributions by 2018, including through new and additional funding sources, as well as increase the overall portion of humanitarian appeal funding channelled through United Nations country-based pooled funds to 15 per cent of overall humanitarian appeal requirements;

(r) Member States, the United Nations and humanitarian organizations should further promote ways to enable Governments to manage and respond to risk, including by providing support to and enabling national and local leadership, preparedness and response capacities, as well as through efforts to strengthen local capacity systematically and build resilience;

(s) Member States, the United Nations and humanitarian organizations should support and invest in local and national capacity, including by increasing financing to local and national partners, and provide long-term support to develop such actors' capacity and delivery systems, and report on progress made in this regard;

(t) The United Nations and humanitarian organizations should further strengthen their efforts in supporting national Governments to map emergency preparedness and response capacities at the country and regional levels, including those of Governments, civil society, the private sector and other relevant actors, in order to better facilitate the connectivity and complementarity of disaster response efforts between national and international capacity;

(u) Member States, the United Nations and its partners should work together to reduce the needs, vulnerability and risk of women, men and children in crisis situations, to contribute to efforts to achieve the Sustainable Development Goals in the 2030 Agenda for Sustainable Development for some of the most vulnerable people and to leave no one behind;

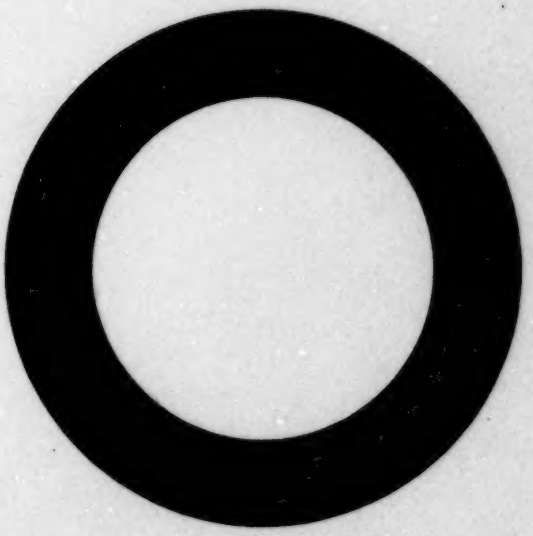
(v) The United Nations and its partners should work together towards collective outcomes that reduce need, vulnerability and risk over multiple years, on

the basis of the comparative advantage of a diverse range of actors and a shared understanding of the needs and risks in a given context, and recognizing the importance of humanitarian principles for humanitarian action;

(w) Member States and relevant organizations should increase predictable multi-year financing to achieve collective outcomes and make better use of different financing instruments beyond the current practice of grants;

(x) Member States should work closely with the United Nations, local governments and other relevant actors to ensure more effective emergency preparedness and response in urban areas and give due consideration to this issue at the United Nations Conference on Housing and Sustainable Urban Development;

(y) Given the urgency of ending the suffering of millions in crisis situations, Member States, the United Nations and its partners are urged to take forward the core responsibilities and the Agenda for Humanity contained in the report of the Secretary-General for the World Humanitarian Summit.



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Social and human rights questions: United Nations High Commissioner for Refugees

Note verbale dated 20 January 2016 from the Permanent Mission of Paraguay to the United Nations addressed to the Secretary-General

The Permanent Mission of Paraguay to the United Nations has the honour to inform the Secretary-General that the Government of Paraguay would like to become a member of the Executive Committee of the Programme of the United Nations High Commissioner for Refugees.

Over the years, the Republic of Paraguay has demonstrated its commitment to the ideals that led to the establishment of the Office of the United Nations High Commissioner for Refugees (UNHCR); has ratified the principal conventions on refugees (the 1951 Convention relating to the Status of Refugees and the 1967 Protocol thereto) and stateless persons (the 1954 Convention relating to the Status of Stateless Persons and the 1961 Convention on the Reduction of Statelessness); and is a party to the core universal international instruments on human rights and international humanitarian law.

The domestic legal framework concerning refugees is laid down in the Refugee Act (No. 1938), adopted in 2002, which established the National Refugee Commission, consisting of representatives of the Ministry of Foreign Affairs, the Ministry of the Interior, the Ministry of Labour, the Ministry of Justice, the Commissions on Human Rights of both chambers of the National Congress, civil-society organizations and UNHCR.

Paraguay currently hosts some 130 refugees, who come from countries in Latin America, Africa, Asia and Eastern Europe.

Based on the foregoing, the Permanent Mission of Paraguay hereby requests the good offices of the Secretary-General in connection with the application of Paraguay for admission as a member of the Executive Committee of the Programme of UNHCR.

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High-level political forum on sustainable development, convened under the auspices of the Economic and Social Council

Progress report on the 10-year framework of programmes on sustainable consumption and production patterns

Note by the Secretary-General

Summary

The Secretary-General is transmitting herewith the progress report on the 10-year framework of programmes on sustainable consumption and production patterns, prepared by the United Nations Environment Programme pursuant to General Assembly resolutions 67/203, 68/210, 69/214 and 70/201. The objective of the present report is to share with Member States and stakeholders the activities of the framework and the latest developments, highlighting key outputs, challenges and opportunities. The report is hereby submitted through the Council for the consideration of the high-level political forum on sustainable development in 2016.

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I. Background

1. In a world in which the human population is projected to be 9.5 billion by 2050, and in which about 1.2 billion people currently live in extreme poverty and deprivation, shifting to sustainable consumption and production patterns has become a vital condition for leaving no one behind in the transition towards sustainable development.

2. That shift, recognized by the international community since 2002 as one of the overarching objectives of, and essential requirements for, sustainable development, is a pivotal element of the newly adopted 2030 Agenda for Sustainable Development.

3. The 10-year framework of programmes on sustainable consumption and production patterns, adopted at the United Nations Conference on Sustainable Development in 2012, serves as a global framework for action to enhance international cooperation and advance the implementation of sustainable consumption and production in all countries. Its objective is to generate collective impact through multi-stakeholder programmes and partnerships, support the development and scaling up of successful sustainable consumption and production policies and initiatives at all levels, foster knowledge and experience-sharing and facilitate access to technical and financial resources for developing countries.

4. The 10-year framework programmes provide open, inclusive and collaborative platforms through which stakeholders from all sectors of society and all regions can work together in a systematic way to achieve shared objectives while contributing to the overarching goals of the framework. Inclusive and action-oriented, the programmes aim to build synergies and cooperation, bringing together scattered information on and for sustainable consumption and production through existing initiatives, partnerships and networks; scale up and replicate successful policies and best practices for sustainable consumption and production; and generate and support new projects and activities on sustainable consumption and production in response to regional and national priorities and needs, as they emerge. There are currently six programmes in the framework.

5. An intergovernmental board was established, with a two-year term, to guide the implementation of the 10-year framework. Its first term came to an end on 16 September 2015 and United Nations regional groups were invited to nominate their representatives for the second term. Subsequently, the General Assembly confirmed the new composition of the board as Kenya and Nigeria (African Group), Argentina and Mexico (Latin American and Caribbean Group), Indonesia and the Republic of Korea (Asia-Pacific Group), Albania and Romania (Eastern European Group) and Germany and Turkey (Western European and Others Group).

6. To date, 127 countries have nominated a national focal point for the 10-year framework and implementation road maps or strategies for sustainable consumption and production have been developed in several regions (Asia-Pacific, Latin America and the Caribbean, West Asia and Africa). More than 450 institutions, representing a range of stakeholders, including governments, United Nations bodies, civil society and private sector organizations, are engaged in the framework and its six programmes.

7. The United Nations Environment Programme (UNEP) serves as the secretariat of the 10-year framework.

8. The present report has been prepared by the secretariat of the 10-year framework on behalf of the board, in response to General Assembly resolution 70/201, in which the Assembly requested the board and the secretariat to submit updated reports for the consideration of the high-level political forum on sustainable development. It follows a report submitted to the high-level forum convened under the auspices of the Economic and Social Council in 2015 (E/2015/56), which complemented a first report transmitted by the Secretary-General to the Council (E/2014/93).

II. Sustainable consumption and production and the 10-year framework in relation to the 2030 Agenda for Sustainable Development and Sustainable Development Goals

9. The transversal role of sustainable consumption and production and the 10-year framework as integral elements of the 2030 Agenda for Sustainable Development have been clearly affirmed with the adoption of the 17 Sustainable Development Goals at the United Nations summit for the adoption of the post-2015 development agenda, held in New York from 25 to 27 September 2015. It is also a transversal objective of the Sustainable Development Goals, reflected in the targets of 13 of the 17 Goals, including as the focus of one stand-alone goal (Goal 12).

10. The implementation of the 10-year framework is the first target set by the Heads of State under Sustainable Development Goal 12, a unique case in the entire 2030 Agenda for Sustainable Development and also an important opportunity for the framework to serve as an essential mechanism for the implementation of the Agenda.

11. During the reporting period, several activities have been conducted under the 10-year framework to inform the design and implementation of the Agenda. They included the first global meeting of the framework, held on 14 and 15 May 2015 in New York back-to-back with the negotiations on the post-2015 development agenda, where the universal and transformative nature of sustainable consumption and production in the context of the Sustainable Development Goals and the role of the framework were strongly emphasized.

12. Further efforts have been invested by the secretariat of the 10-year framework and its partners to inform the design of sustainable consumption and production indicators in the context of the Sustainable Development Goals. A UNEP discussion paper was released in March 2015, drawing on inputs from international experts and consultations conducted in 2014. A further report, co-authored by the Ministry of Environment in Chile and Statistics Sweden, with technical support from both the secretariat of the framework and the Statistics Division, was developed to inform the preparations for, and discussions on data and indicators at, the forty-seventh session of the Statistical Commission, held in New York from 8 to 11 March 2016, and those of the Inter-Agency Expert Group on Sustainable Development Goal indicators. That report includes a proposal to support the monitoring of the targets related to sustainable consumption and production of the Sustainable Development Goals, using the System of Environmental-Economic Accounting framework, which facilitates the connection of data across the environment and the economy. In the report, the development of a capacity-building strategy to support countries in monitoring and measuring progress towards those targets is also proposed.

III. Progress of the 10-year framework programmes

13. Supporting the further development and operationalization of the six sectoral and thematic programmes of the 10-year framework has been a high priority in 2015-2016. That has included the launching or establishment of two further programmes on sustainable buildings and construction and sustainable food systems, in addition to the four programmes already launched, and the coordination and initial implementation of all the 10-year framework programmes.

14. All the 10-year framework programmes now benefit from a solid governance structure established through broad consultative processes facilitated by the secretariat of the framework. That governance structure includes a leadership (up to one lead and three co-lead entities), which provides the necessary human and financial resources for the establishment of a fully dedicated coordination desk in each of the programmes. That is complemented by a multi-stakeholder advisory committee for each programme, composed of up to 25 entities (governments and other stakeholder organizations). To date, 21 entities are active in the leadership role of the six programmes and nearly 125 in the multi-stakeholder advisory committees, and more than 300 additional partners are formally engaged in the programmes. Historical partners in sustainable consumption and production, but also new partners with global, regional or national scope, have stepped into a broadened global sustainable consumption and production community, creating new synergies and implementation capacity. Further partners willing to bring their expertise, activities and tools to the 10-year framework, and whose objectives are in line with those of the programmes, can join at any time to support implementation by contacting the lead entities of the programmes.

15. The 10-year framework programmes have each identified a clear set of objectives, work areas and priority implementation activities around which they can mobilize their partners. A comprehensive portfolio of activities is being developed for each of them, including: (a) implementation of the priorities and activities outlined within the work areas; (b) the existing activities of 10-year framework partners being brought into the programmes to respond to specific objectives and regional and national priorities, and to strengthen the capacities of partners in sustainable consumption and production, with a view to scaling up and replicating; (c) new projects, including projects selected through calls for proposals organized under the trust fund of the framework and the development of flagship projects under individual programmes and across programmes. The secretariat of the framework organized the first workshop on the development of flagship projects in July 2015 in Paris, gathering more than 60 co-leads, members of multi-stakeholder advisory committees and partners in the 10-year framework programmes. A consultation engaging various stakeholders is being conducted to finalize a first series of proposals for submission to donors.

16. Efforts were directed towards the trust fund of the framework and its calls for proposals aimed at supporting implementation in developing countries and economies in transition. The activities of the trust fund are reported at the end of the section.

17. Progress on each of the six programmes is presented below, starting with the programmes launched most recently.

A. Sustainable food systems

18. The sustainable food systems programme, co-led by Switzerland (Federal Office for Agriculture), South Africa (Department of Trade and Industry), Hivos (Netherlands) and the World Wide Fund for Nature, was kicked off at a meeting co-organized by Switzerland and South Africa on 21 and 22 October 2015 at Expo 2015, held in Milan, Italy.

19. The programme is supported by a 23-member multi-stakeholder advisory committee, composed of government agencies (Argentina, Brazil, Costa Rica, France, Honduras, the Netherlands and the United States of America), civil society organizations (Biovision, International Institute for Sustainable Development, International Foundation for Organic Agriculture Movements plus one vacant civil society organization cluster seat), research and technical institutions (German Development Institute, Hebrew University, Open University of Catalonia and the Italian National Agency for New Technologies, Energy and Sustainable Development), United Nations agencies and other international organizations (International Centre for Advanced Mediterranean Agronomic Studies, the United Nations Food and Agriculture Organization (FAO), UNEP and the United Nations Standing Committee on Nutrition) and private sector actors (Barilla S.p.A., FoodDrinkEurope, Nestlé and Smaackmakers).

20. Activities in 2015 were mainly focused on the development of the programme and its priorities. In March and April 2015, a public consultation was undertaken on the draft concept note. To ensure broad stakeholder participation, the consultation was carried out through the FAO Global Forum on Food Security and Nutrition,[1] as well as through the channels and networks of the 10-year framework.

21. The kick-off meeting and first face-to-face meeting of the multi-stakeholder advisory committee in October 2015 focused on establishing the governance of the programme, adopting the programme document and discussing initial priority activities under the four work areas.

22. The programme adopted four work areas: (a) raising awareness of the need to adopt sustainable consumption and production patterns in food systems; (b) building enabling environments for sustainable food systems; (c) increasing access to, and fostering the application of, actionable knowledge, information and tools to mainstream sustainable consumption and production in food systems; and (d) strengthening collaboration among stakeholders in food systems to increase the sustainable consumption and production performance of the sector. For each of those work areas, between three and five sub-areas have also been defined.

B. Sustainable buildings and construction

23. The sustainable buildings and construction programme, led by Finland and co-led by the World Green Building Council, RMIT University, Melbourne, Australia, and UNEP, was launched on 20 April 2015 during the twenty-fifth session of the Governing Council of the United Nations Human Settlements Programme (UN-Habitat).

[1] See www.fao.org/fsnforum/forum/discussions/sustainable-food-systems.

24. The programme is supported by a 19-member multi-stakeholder advisory committee composed of government agencies (Argentina, France, Malaysia, Singapore and South Africa), civil society organizations (the Southeast Energy Efficiency Alliance (United States), TERI (India), Bioregional (United Kingdom of Great Britain and Northern Ireland), Development Alternatives (India), World Wide Fund for Nature, Royal Institution of Chartered Surveyors, UNEP Sustainable Buildings and Climate Initiative (UNEP-SBCI)), research and technical institutions (Tsinghua University (China), Politecnico di Torino (Italy), Energies 2050 (France)), United Nations agencies and other international organizations (UN-Habitat, United Nations Office for Project Services (UNOPS)) and private sector actors (World Business Council for Sustainable Development and Skanska AB).

25. The overall aim of the programme is to achieve a situation where, by 2030, "all stakeholders involved in the planning, commissioning, design, construction, use, management and deconstruction of buildings have a common understanding of sustainable buildings and the knowledge, resources and incentives required to create, maintain and use them; structures that are healthy to live and work in, that responsibly utilise energy, water, land and other key resources, respecting environmental limits, and ultimately have a minimally adverse impact on the natural world, supporting social and economic development".[2]

26. The activities of the programme in 2015 were focused on the development of a workplan for the period 2015-2016, developing and preparing implementation projects according to the workplan, communication of the programme to reach various stakeholders and initiating active partner engagement.

27. At the first meeting of the multi-stakeholder advisory committee in September 2015 in Helsinki, the workplan for 2015-2016 was approved and the deliverables and milestones set.

28. In the workplan, five work areas were identified: (a) establish, promote and enable the conditions for sustainable buildings and construction policies; (b) support and promote sustainable housing, including affordable and social housing; (c) enhance sustainability in the building supply chain; (d) reduce the impact of climate change and strengthen the climate resilience of the building and construction sector; and (e) promote knowledge-sharing, outreach and awareness-raising (cross-cutting).

29. A range of communication material was developed in 2015, which included brochures in English and French, a flyer and banners for the first "Buildings Day", held at the twenty-first session of the Conference of the Parties to the United Nations Framework Convention on Climate Change and the programme website on the global sustainable consumption and production clearing house, including a video and intranet.

30. In 2015, the programme made efforts to develop large and medium-scale projects. The flagship projects are being developed through discussion among members of the advisory committee, while the call by the trust fund of the framework for project proposals was launched in December 2015 and will shortly result in the first three programme projects.

[2] See the programme document of the sustainable buildings and construction programme, available from www.unep.org/10yfp/Portals/50150/10YFP%20SPP/Programmes%20template/SBC%20template.pdf.

31. In addition to the launch, in 2015 the programme also engaged in the following outreach activities: a keynote presentation at a joint symposium of UNEP-SBCI and the Global Initiative for Resource-efficient Cities held in June in Nice, France; dissemination of information on the programme at the World Green Building Council congress, held in October in Hong Kong, at the regional meeting of the framework, held in October in Kazakhstan, and at the fifth Conference on Smart and Sustainable Built Environments, held in in December in South Africa; panel participation in the Buildings Day at the twenty-first session of the Conference of the Parties to the United Nations Framework Convention on Climate Change, held in December in Paris; and launch of the trust fund call for project proposals during the Buildings Day.

C. Sustainable lifestyles and education

32. The sustainable lifestyles and education programme, co-led by the Ministry of Environment of Japan, with the Government of Sweden and the World Wide Fund for Nature, was launched in late 2014. Sweden and Japan have designated the Stockholm Environment Institute and the Institute for Global Environmental Strategies, respectively, for the coordination of the programme. It is supported by a 21-member multi-stakeholder advisory committee and it now brings together 85 partners.

33. The overall aim of the programme is to foster the uptake of sustainable lifestyles as the common norm, with the objective of ensuring their positive contribution to addressing global challenges, such as resource efficiency, biodiversity conservation, climate change mitigation and adaptation, poverty eradication and social well-being. Three work areas have been identified: (a) developing and replicating sustainable lifestyles, including low-carbon lifestyles; (b) educating for sustainable lifestyles; and (c) transforming the lifestyles of the current generation and shaping those of future generations.

34. The first meeting of the advisory committee, held in March 2015 in Tokyo, focused on planning and selecting concrete projects that would foster sustainable lifestyles on the ground.

35. In 2015, the programme focused on developing the large- and medium-scale projects that would contribute to enabling people and communities all over the world to create and/or choose sustainable lifestyles. Four flagship projects have been developed through discussions among the members of the committee, while calls for project proposals from the trust fund of the framework were administered twice, between July and September 2015 and January and March 2016. The programme coordination desk developed a resource mobilization strategy focusing on three threads: flagship projects, mid-size-projects and small projects. The projects, once launched, would substantially contribute to the objectives of the programme and those of the three work areas.

36. A draft communication strategy was developed in December 2015, entitled "Communication on rethinking how we live, how we buy and what we consume". The objectives of the strategy are: raising awareness, empowering individuals to create sustainable lifestyles, engaging and inspiring key audiences, showcasing best practices and creating a platform for education, which aims to deliver key messages through digital channels (websites and social media), events and mass media.

37. In addition, in 2015, the following outreach activities were undertaken: presentations on the programme at the first International Forum on Sustainable Lifestyles, held in February in Dubai, United Arab Emirates, at a conference on the theme of "Shifting towards more sustainable consumption and production patterns", held in May in Sweden, at the Whole Earth Day exhibition, held in September at Umeå University in Sweden, and at a national workshop on sustainable lifestyles, held in November 2015 in Stockholm; and participation in discussions at a conference on the theme of "Industrial policy and the good society in the context of climate change", held in July in Mexico City, to provide input on sustainable lifestyles to the twenty-first session of the Conference of the Parties to the United Nations Framework Convention on Climate Change and in a workshop on advancing research and education on sustainable lifestyles in the 10-year framework of programmes on sustainable consumption and production, held in November in Vienna.

38. The programme has benefited from the financial support of Japan, with a total contribution of $4 million to support projects conducive to sustainable and low-carbon lifestyles worldwide, in addition to an unearmarked contribution of $1 million for the calls for proposals by the trust fund of the framework.

D. Sustainable tourism, including ecotourism

39. The sustainable tourism programme, led by the World Tourism Organization (UNWTO), and co-led by the Governments of France, Morocco and the Republic of Korea, was launched late in 2014. The programme is supported by a 22-member multi-stakeholder advisory committee and now brings together a total of 103 partners.

40. The vision of the programme is for a tourism sector that has globally adopted sustainable consumption and production practices, resulting in enhanced environmental and social outcomes and improved economic performance.

41. The first meeting of the advisory committee, held in January 2015 in Madrid, and activities throughout the year set the foundations for a collective impact through approval of its operational terms of reference, an action plan for the coordination desk, a first set of guidance documents and the portfolio of activities.

42. In May 2015, a participatory design of the portfolio of activities was initiated, aimed at increasing the visibility of initiatives and activities at the international level and boosting synergies and collective action among the programme actors, while advancing the implementation of the different work areas of the programme. Overall, in 2015, the lead, co-leads and advisory committee linked activities worth over $2 million to the portfolio.

43. Activities on integrating sustainable consumption and production in tourism-related policies and frameworks (work area 1) have included awareness-raising to promote the inclusion of sustainability at the top of the public agenda (Japan Ecolodge Association); increasing governance of the Regional Tourism Organization of Southern Africa by establishing the Southern Africa Sustainable Tourism Steering Committee; engagement in the development of regional sustainable tourism strategies in Chile; a review of the policies of Bhutan and Morocco, including recommendations related to sustainable consumption and production (UNEP); training of tourism officials of the Association of Southeast Asian Nations on forest-

based ecotourism and sustainable consumption and production (Ecotourism Korea); creation of a Centre of Excellence for ecotourism (Ministry of Foreign Affairs and International Development, France).

44. Collaboration among stakeholders for the improvement of the sustainable consumption and production performance of the tourism sector (work area 2) has been strengthened through piloting transborder sustainable consumption and production holiday packages across the countries of the Southern Africa Development Community and conducting research on expanding and improving sustainable consumption and production in tourism in the region (Fair Trade in Tourism South Africa); development and dissemination of materials for managers of protected areas, including references to community engagement (Tourism and Protected Areas Specialist Group of the International Union for Conservation of Nature); initial application of a tool for destinations to measure sustainability with objective data (Global Sustainable Tourism Council); a workshop conducted by the Ministry of Tourism of Morocco on mainstreaming sustainable tourism for Moroccan stakeholders; and production of a white paper outlining the key lessons learned.

45. Activities on fostering the application of guidelines, tools and technical solutions to improve, mitigate and prevent the impact of tourism and mainstream sustainable consumption and production patterns among tourism stakeholders have included sharing knowledge on smart sustainable consumption and production solutions through the portal on sustainable tourism (Ministry of Tourism, Croatia); support to protected areas in Ecuador and Peru to develop management plans for tourist destinations, including visitor management systems and regulatory frameworks (Rainforest Alliance); support for governments, tourism businesses and local communities in the Maldives, Mauritius and Samoa to adapt to climate change (United Nations Development Programme); promoting the implementation of a variety of projects encouraging sustainable consumption and production in the sector and involving local communities and government representatives (TUI Group).

46. Activities aimed at enhancing sustainable tourism investment and financing have included starting a compilation of sources of funding for sustainable tourism (UNWTO).

47. In 2015 three flagship project proposals were formulated through a multi-stakeholder approach and with a consortium of programme actors. Three projects have also been selected for funding under the trust fund of the framework.

48. Communication activities have been undertaken beyond the website, which have included: the launch of its Twitter (@10YFP_STP) and Facebook (10YFP Sustainable Tourism Programme) social media platforms in September 2015, which currently register over 100 and over 300 followers respectively. Since July 2015, the programme has had its own logo, which includes its motto "Committed to drive the change". In December 2015, the programme embarked on the design of its annual magazine, which showcases the main achievements of the year using examples, quotes and interviews with programme actors. The annual magazine is expected to be ready in May 2016.

49. In addition, in 2015, the following outreach activities were undertaken: an open meeting of the multi-stakeholder advisory committee on the theme "Towards sustainable consumption and production in the tourism sector", held in January

within the framework of the FITUR Green tourism forum in Madrid, where members of the committee shared success stories, initiatives and projects relating sustainable consumption and production to tourism, with an audience of over 200 tourism professionals. An information session on the programme was organized within the framework of the fifth conference of the Global Partnership for Sustainable Tourism, held in February in Windhoek. In addition, programme actors have presented the programme at a variety of events they have attended, such as the ITB Convention, held in March in Berlin; INDABA, held in June in Durban, South Africa; a workshop on the theme of "Measuring for impact: convening thought-leaders in tourism" organized by the World Bank in June in Washington, D.C.; and the UNWTO General Assembly, held in September in Medellín, Colombia.

E. Consumer information for sustainable consumption and production

50. The consumer information for sustainable consumption and production programme is co-led by the Governments of Germany and Indonesia and Consumers International and was launched in July 2014. The programme is supported by an 18-member multi-stakeholder advisory committee and it now brings together 56 partners.

51. The programme serves as a global platform to support the provision of quality information on goods and services and the identification and implementation of the most effective strategies to engage consumers in sustainable consumption. It empowers and raises the profile of relevant policies, strategies, projects and partnerships, building synergies and cooperation between different stakeholders to leverage resources towards mutual goals.

52. In 2015, progress on the programme included the initiation of tangible projects and activities, including a project on advancing and measuring sustainable consumption and production for a low-carbon economy funded by the German International Climate Initiative; the selection of three projects supported by the trust fund of the framework; progress with the working groups of the programme, notably Working Group 1 on the development of guidelines for reliable sustainability information for consumers. The workplan for the period 2016-2017 was adopted by the multi-stakeholder advisory committee in February 2016. The main activities undertaken in 2015 in the three defined work areas are set out below.

53. Activities related to improving the availability, accessibility and quality of consumer information to create a basis for the provision of credible information (work area 1), have included:

(a) Launching the development of guidelines for reliable information on sustainability for consumers, taking into account a variety of stakeholders, which was facilitated by the establishment of a multi-stakeholder working group to develop the criteria and content of the guidelines (led by UNEP and the International Trade Centre), a scoping study to identify existing material and relevant stakeholders (programme coordination desk) and the contracting of a think tank to develop the first draft;

(b) The development of guidelines for hotspot analysis, for which an institute has been engaged to develop the methodological framework;

(c) Publication of a report presenting an inventory of worldwide life cycle assessment databases with recommendations for collaboration (UNEP-Society of Environmental Toxicology and Chemistry);

(d) The launch of a global network of interoperable life cycle assessment databases in March 2015;

(e) Delivery of technical assistance for life cycle assessment database development to three developing countries;

(f) Capacity-building on data collection at national level delivered to three countries;

(g) Preparation of a draft report identifying key opportunities and areas for improvement on the assessment and communication of social impacts of products in consumer information tools, including social life cycle assessment methodologies and data.

54. Activities on driving change in government and business to ensure that the framework conditions are provided to support best practices in relation to consumer information (work area 2) have included a scoping exercise on retailer/brand upstream practices and means of transmission and communication (programme coordination desk), which informed the 2016-2017 programme workplan, and the establishment of a joint working group with the sustainable public procurement programme on improving collaboration between sustainable public procurement, sustainability standards and ecolabels, led by the ISEAL Alliance.

55. Activities on enhancing communications to drive behavioural change and ensure the transition from being informed to taking action (work area 3) have included the initiation of a project on advancing and measuring sustainable consumption and production for a low-carbon economy; the establishment of a working group on Type 1 ecolabels, led by the Global Ecolabelling Network and the German Agency for International Cooperation; and a regional capacity-building workshop on green public procurement and eco-labelling in Asia, which was conducted in December 2015 in Kuala Lumpur.

56. In 2015, the programme released the following reports: "Opportunities for national life-cycle network creation and expansion around the world" and "Assessment and communication of social impacts of products in consumer information tools".

57. The programme proposed a set of indicators to the secretariat, aligned to the relevant Sustainable Development Goals, to measure its progress and impact, which have been approved by the multi-stakeholder advisory committee.

58. The programme has endeavoured to address transversal links with other programmes of the framework, through the joint working group with the sustainable public procurement programme. The programme is also discussing a potential/future working group with the sustainable lifestyles and education programme on behavioural science for sustainable consumption. It has also supported the development of two transversal flagship project proposals entitled "Better by design" and "Integrating sustainability into retail sourcing and consumer buying decisions of food products".

59. Communications-related activities of the programme have included updating the website of the framework, publishing brochures and flyers and preparing a newsletter for partners of the programme, members of the advisory committee and wider contacts, to be issued two or three times a year. In addition, standard presentations have been developed and adapted for co-leads, members of the committee and partners to deliver, in order to promote the programme at external events and regional/subregional meetings of the framework.

F. Sustainable public procurement

60. The sustainable public procurement programme is led by UNEP, co-led by the Korea Environmental Industry and Technology Institute and ICLEI-Local Governments for Sustainability, and was launched in April 2014. The programme is supported by an 18-member multi-stakeholder advisory committee and it now brings together 85 partners to collectively promote the supply and demand of sustainable products through sustainable public procurement.

61. The vision of the programme is a world in which environmental, economic and social aspects are embedded in public procurement and associated supply chains, with the full support of governments worldwide. The programme operates on a biennial basis and the new biennial workplan for the period 2016-2017 was approved by the advisory committee in September 2015. The workplan revolves around four work areas, which are implemented through several working groups. Those work areas are: (a) implementation of sustainable public procurement on the ground; (b) assessing implementation and the impact of sustainable public procurement; (c) identification of obstacles and promotion of innovative solutions; and (d) collaboration with the private sector.

62. In 2015, activities under various priority work areas of the programme resulted in the production of a number of technical reports and publications. The strategic documents of the programme include the following: "Principles of sustainable public procurement", adopted in March 2015; "The 10YFP SPP programme's modus operandi", adopted in May 2015; and the vision document of the programme, adopted in September 2015. The following publications have also been produced: report of working group 2B on measuring and communicating the benefits of sustainable public procurement, inclusive of the baseline analysis, the guidance framework for measuring and communicating the benefits of sustainable public procurement and pilot work released in December 2015; and a technical report of working group 3A on using product-service systems to enhance sustainable public procurement, released in May 2015. All the above-mentioned publications were disseminated through the UNEP sustainable public procurement network to around 2,500 contacts.

63. The programme has undertaken initiatives to develop a methodology and international standards for Sustainable Development Goal indicator 12.7.1 (number of countries implementing sustainable public procurement policies and action plans) in the framework of the working group overseeing the 2016 issue of "Sustainable public procurement: a global review". The working group is composed of representatives of the co-leads of the programme (ICLEI-Local Governments for Sustainability and the Korea Environmental Industry and Technology Institute) and consultants drafting the 2016 global review. A draft survey on the implementation of

sustainable public procurement was shared with the national focal points in charge of sustainable public procurement policies in 55 countries. The survey allows an assessment to be made of the level of implementation of those policies among Member States and to assess the level of achievement of indicator 12.7.1. The working group will develop objective criteria through further analysis and consultation that will allow for the application of the indicator. Those criteria will be based on the results of the survey and further interaction with stakeholders and policymakers in countries where sustainable public procurement policies and action plans are being or will be implemented.

64. The Seoul Declaration, "Mitigating climate change through low-carbon procurement" was drafted by the participants in an international expert meeting organized by UNEP and the Korea Environmental Industry and Technology Institute. That took place in the framework of the activities of working group 2B on measuring impacts and communicating benefits created by sustainable public procurement, in November 2015 in Seoul, with a focus on the measurement of the carbon reduction impacts of sustainable public procurement.

65. In 2015, the programme undertook the formulation of four flagship project proposals by consortiums led by ICLEI-Local Governments for Sustainability, the Sustainable Purchasing Leadership Council, CEGESTI and Business for Social Responsibility. Three projects have also been selected for funding under the trust fund, as described above.

66. Communication-related activities in 2015 included the release of three issues of the programme newsletter; seven webinars presenting the activities of partners relating to sustainable and green public procurement, which are available on the YouTube library hosted by the global sustainable consumption and production clearinghouse; publication of the programme brochure in English, French, Spanish and Russian; regular updates of the programme Twitter account; implementation of a new web domain name, "10yfp-spp-progamme.org", containing 26 regularly updated and well-maintained mailing lists, one of which encompasses the entire UNEP sustainable public procurement network of around 2,500 contacts; and regular updates of the programme web page. A list of portals and web pages from all over the world dedicated to sustainable public procurement was added to the clearinghouse, which now includes details of 14 working groups with 463 members, 164 documents in the e-library, 73 initiatives on sustainable public procurement, 25 news pieces and 32 sustainable public procurement events in the calendar.

67. In 2015, the programme also engaged in the following outreach activities: a side event at the twenty-first session of the Conference of the Parties to the United Nations Framework Convention on Climate Change on reducing greenhouse gas emissions through sustainable public procurement; another side event on the margins of the same meeting entitled "Is public procurement an effective lever for policies against global warming?" organized by UNEP with the French Ministry of Economy; and piloting of the training modules targeted at public procurers and the private sector at the Global Cleaner Production and Sustainable Consumption Conference and the Procura+ seminar, both held in Barcelona in November 2015.

G. The trust fund of the 10-year framework supporting the programmes

68. The trust fund call for proposals has proven to be an effective tool to bring new partners into the framework and to catalyse the development of high-quality and potentially high-impact project proposals. It has also proved to be a process that responds to a strong demand for accelerating the shift to sustainable consumption and production patterns in developing countries and in countries with economies in transition. Six calls for proposals took place between April 2015 and April 2016. In total, close to 550 complete eligible proposals were received and evaluated. Of those proposals, 93 were submitted by governments and 455 by other stakeholders. Project proposals received originated from Asia, including West Asia (230), Latin America and the Caribbean (159), Africa (132) and Eastern Europe (27). So far, 12 projects have been selected and approved for funding by the board of the framework, based on a joint evaluation by the relevant programme actors against technical criteria and by the secretariat of the framework against the criteria from the adopted text of the United Nations Conference on Sustainable Development.

69. Funding agreements have been signed for the three projects selected under the first trust fund call for proposals and are being implemented. In South Africa, a project proposal from the Government of the Western Cape, in cooperation with the International Institute for Sustainable Development, is focused on mainstreaming sustainable public procurement through the introduction of product service systems in the Western Cape; in Uruguay, a project proposal from the Ministry of Environment and the National Procurement Agency, in cooperation with UNOPS, aims to transform the Uruguayan public procurement system as an enabler for sustainable development and to enable the implementation and enforcement of legislation on sustainability criteria in public procurement; and in the Philippines, a project proposal from the Philippine Center for Environmental Protection and Sustainable Development and the Environmental Protection and Waste Management Department of Quezon City, the largest city in Metro Manila, aims to establish and implement green public procurement at city level for the promotion of sustainable consumption and production.

70. The nine selected proposals on consumer information for sustainable consumption and development and sustainable lifestyles and education originating from Africa, Asia and Latin America are in the final stages of development of their implementation plans and finalization of the funding agreements. Implementation of those projec[illegible]s expected to start within the next two months. Furthermore, the actors of [illegible]ustainable buildings and construction and sustainable tourism programmes and the secretariat of the framework have finalized the evaluation process and six recommended projects have been submitted to the board for a final decision. The proposals on sustainable lifestyles and education arising from the sixth call for proposals are currently in the final stages of evaluation. By the end of 2016, it is expected that 24 trust fund projects will have been selected for a total amount of up to $3 million. Most will be being implemented and all are expected to be reporting concrete results by the formal mid-term review of the framework. The intense activity of the trust fund was made possible by new allocations for calls for proposals from Japan ($1 million), Brazil ($800,000) and Israel ($250,000).

71. In addition to the projects selected for funding under the trust fund, a number of high-quality proposals have been identified and have been endorsed by the

secretariat of the framework. That is aimed at supporting further resource mobilization and maintaining the engagement of the partners in the framework.

IV. Engaging stakeholders for mainstreaming sustainable consumption and production and implementing the 10-year framework

A. Regional and national level engagement

72. In June 2015, the secretariat of the framework launched the first round of the global survey on national sustainable consumption and production policies and initiatives, with the objectives of taking stock of sustainable consumption and production policies and initiatives led by governmental and public institutions worldwide; identifying opportunities for scaling up; and strengthening the capacity of the framework to respond to the needs of countries in a more targeted manner. To date, nearly 50 countries, through their national focal points, and the European Union have contributed, reporting on more than 270 national sustainable consumption and production policies and initiatives led by governments and public institutions. The results are being analysed and a full report will be issued in 2016.

73. Research is also being conducted in parallel to identify strategic sustainable consumption and production initiatives and potential partners among all relevant stakeholders at the regional level. For instance, in Latin America and the Caribbean, a mapping of sustainable consumption and production initiatives and policies at regional and subregional levels is being developed with the support of the University of Buenos Aires and is expected to help build a database of more than 400 regional and subregional initiatives on sustainable consumption and production, including in the areas of the programmes of the framework.

74. In the Asia-Pacific region, nearly 70 per cent of the activities identified under the regional implementation road map of the framework adopted in 2014, were completed, in close coordination with SWITCH Asia, a major regional sustainable consumption and production programme supported by the European Union. A regional consultation to develop a new regional sustainable consumption and production strategy in the context of the 2030 Agenda for Sustainable Development and the Sustainable Development Goals has started and is expected to be adopted at the next Asia-Pacific round table on sustainable consumption and production in July 2016 in Cambodia.

75. In the Latin America and Caribbean region, a new regional sustainable consumption and production strategy and an implementation road map for the framework were adopted following the eighth meeting of the Regional Council of Government Experts on Sustainable Consumption and Production on 4 and 5 May 2015 in Panama. They highlighted key priorities and specific activities for the region in the context of the 2030 Agenda for Sustainable Development and the Sustainable Development Goals.

76. The second Eastern European regional multi-stakeholder meeting, co-hosted with the Ministry of Environment, Water and Forests, took place in Romania on 9 and 10 February 2016. The meeting brought together government, civil society and business representatives from the region and government representatives from

the Central Asian countries as observers. The national focal points and stakeholders from Eastern Europe shared information, increased collaboration opportunities and developed a common message on the importance of sustainable consumption and production and the framework. That has been delivered as an informal document to the eighth Environment for Europe Ministerial Conference, due to take place from 8 to 10 June 2016 in Batumi, Georgia.

77. A number of subregions were also engaged, including Central Asia, South Asia and French-speaking African countries through capacity-building activities. The establishment of the South Asia Sustainable Consumption and Production Forum was formally confirmed at the 125th meeting of the South Asia Cooperative Environment Programme, held on 17 July 2015 in Colombo. The broad objectives of the forum are to provide leadership and develop synergies to stimulate the promotion and implementation of sustainable consumption and production policies, strategies and technologies in the region. The first subregional capacity-building workshop on sustainable consumption and production and the framework for Central Asia took place on 23 and 24 November 2015 in Kazakhstan, co-hosted by UNEP and the Ministry of Energy of Kazakhstan. An African regional capacity-building workshop for the implementation of sustainability and sustainable consumption and production tools in the context of the 2030 Agenda for Sustainable Development was organized by the Institut de la Francophonie pour le développement durable and the secretariat of the framework in Cotonou, Benin, from 14 to 18 December 2015.

78. National interministerial and multi-stakeholder round tables on sustainable consumption and production and the framework were organized and supported by the secretariat of the framework in the Latin America and Caribbean region in Cuba on 29 and 30 September 2015, in Ecuador in October 2015 and in Honduras in November 2015, with a view to setting up similar multi-stakeholder and interministerial coordination mechanisms in other regions in response to demand emanating from national focal points.

79. The toolkit for national focal points has advanced significantly, including through the positive contribution of focal points themselves, and the final version will be ready to share with them in June 2016. In the meantime, an initial "toolbox" was sent to all national focal points in December 2015, including directories, implementation tools, publications and sustainable consumption and production road maps, an inventory of financial mechanisms for sustainable consumption and production, programme brochures and communications documents and information on the Sustainable Development Goals and indicators related to sustainable consumption and production for the targets of the Sustainable Development Goals.

80. The toolkit will be completed by the delivery of e-learning courses on sustainable consumption and production for Africa (English and French), in close cooperation with the SWITCH Africa Green project, and for Latin America and the Caribbean (English and Spanish), developed with the United Nations Institute for Training and Research (UNITAR) and adapted from the UNEP/UNITAR course on sustainable consumption and production initially designed for the Asia-Pacific region. The secretariat of the framework also partnered with the International Resource Panel to initiate the development and roll-out in 2016 of a massive open online course on sustainable food systems targeted at policymakers, including the national focal points, in the Asia-Pacific region.

81. The renomination process for the second term of the stakeholder focal points for the framework is continuing. The process has been the subject of consultation between the secretariat of the framework, the UNEP Major Groups and Stakeholders Branch, the Department of Social Affairs and the incumbent stakeholder focal points. It includes the formation of a selection committee, as elected by the civil society organizations representing the major groups and other stakeholders. Representatives of those groups can then present themselves as potential stakeholder focal points and the final selection will be made by the selection committee before June 2016.

B. Communication and outreach

82. The institutional website of the framework, hosted on the UNEP corporate website, has been regularly maintained to disseminate information about the framework, including regional activities, the programmes and the trust fund (www.unep.org/10yfp). The website functions as the primary institutional communication tool, providing an up-to-date view of the framework from an institutional point of view and allowing governmental and non-governmental stakeholders a clear snapshot of the current and future activities of the programmes and the framework as a whole. The site also hosts a quarterly newsletter, which is disseminated to thousands of stakeholders, providing timely notifications of regional, programme and secretariat activities.

83. Social media has proved to be a powerful tool for engaging new stakeholders and providing information about the latest activities under the framework and its programmes. The social media accounts of the global sustainable consumption and production clearinghouse and the framework have increased rapidly in visibility (950 likes on Facebook and 2,900 followers combined on Twitter). Social media has allowed for real-time information on important events to be disseminated globally, reaching thousands of stakeholders through short, targeted messaging. Social media has also allowed for the establishment of closer relationships with many organizations both inside and outside the United Nations system, through cross-promotion of activities in which the framework has a shared interest.

84. Communications activities are also undertaken within each of the programmes as described in the relevant sections above.

C. Knowledge management

85. The community of the global sustainable consumption and production clearinghouse, functioning as the knowledge management platform of the framework, is where stakeholders come to find concrete opportunities to engage with the framework. The clearinghouse complements the institutional website of the framework, acting as a global one-stop hub for sustainable consumption and production, where large amounts of information can be brought together, managed and disseminated by region and theme. Members have access to thousands of pieces of easily searchable data, through which they can find collaboration opportunities based on their expertise and areas of interest. More than 2,900 members of the clearinghouse from over 150 countries, representing more than 2,000 governmental and non-governmental institutions can highlight the work of their organizations and

search events, publications and collaboration opportunities to scale up their efforts across the diverse thematic and sectoral disciplines of sustainable consumption and production. The database of initiatives has continued to expand, with members from all regions submitting more than 750 entries. An e-library with 500 publications, toolkits, technical reports, manuals, etc., provides a wealth of research on sustainable consumption and production organized by region and theme. The programmes of the framework are also present in the clearinghouse, providing information on activities and work areas and opportunities to take part in the programmes by signing up to the increasing network of partner organizations.

86. The upgrade of the clearinghouse started in 2015, to enhance its utility for the framework and the global sustainable consumption and production community. A suite of new functionalities will allow for a more user-friendly experience and the ability to present information focusing on best practices from around the globe to help spur concrete, scalable action on the ground. The framework will have a central role in the upgraded platform, with each programme having a dedicated coordination hub from which to organize and direct activities. A complete portfolio of activities for each programme will be easily searchable. The national focal points will highlight sustainable consumption and production work in their respective countries through dedicated country profiles, customizable pages managed by the focal points to provide a window into sustainable consumption and production actions at the national level. The renovated platform will also provide critical tools for the secretariat of the framework to report on progress at the global level and will provide visibility and an interactive platform for members to keep up to date on the activities of other stakeholders and the programmes.

V. Contribution to the theme of the high-level political forum: ensuring that no one is left behind

87. Sustainable consumption and production has a key role in the achievement of the Sustainable Development Goals and "ensuring that no one is left behind".

88. All of the thematic programmes contribute through their activities to ensuring that no one is left behind. For example, the programme on consumer information for sustainable consumption and production sets out to ensure that everyone is able to access reliable, understandable information on the sustainability of goods and services and their usage and disposal. The programme on sustainable lifestyles and education is developing a portfolio of projects that contribute to an environment where people and communities all over the world can create and/or choose sustainable lifestyles. The sustainable tourism programme places the creation of sustainable livelihoods through tourism at the heart of its activities. The sustainable buildings and construction work areas include social housing, reducing the impact of climate change, strengthening resilience and knowledge-sharing, which aim to integrate the most vulnerable segments of society. Sustainable food systems are critical to improving food security and nutrition and for poverty alleviation. They play an important role in increasing resource efficiency, more sustainable use of resources and building resilience in communities by safeguarding the soil, biodiversity and ecosystems which underpin food production. The sustainable food systems programme will bring together existing initiatives and partnerships working in related areas, highlighting good practices and success stories and building

synergies and cooperation among stakeholders along food supply chains from producers to final consumers.

VI. Lessons learned and recommendations

89. A key challenge of the programmes is the multitude and variety of stakeholders within each of them and the different economic, social, political and cultural realities in different regions and countries. Those can potentially turn into opportunities through adequate engagement and the tailoring of solutions to both stakeholder needs and national or regional specificities.

90. Another key challenge of the framework is to ensure that implementation of the programmes, as well as the implementation activities of global, regional and national actors, are not confined in silos. Strong communications and facilitation of information flows need to be in place.

91. The resources needed for implementation of the framework are a challenge at all levels. Resource mobilization for the activities of the programmes, the secretariat and the trust fund (unearmarked) is essential for the framework to remain a demand-driven implementation mechanism.

92. Monitoring and reporting on progress and on impacts will be a challenge for the framework, given the multiple levels of delivery of the platform. A monitoring and evaluation framework, including progress and impact indicators, is being developed, with the objective of providing guidance for reporting at different levels of implementation.

93. The visibility challenge is also of great importance for the framework, at various levels. The prominence of sustainable consumption and production in the 2030 Agenda for Sustainable Development has given the framework important exposure at the global level and in an increasingly political context. The challenge is translating that into high visibility among a very broad group of stakeholders for strengthened implementation. There are many actors in the framework, with different roles and responsibilities, who can all contribute to increasing the visibility of the implementation of the framework.

94. At the first international meeting of the framework in May 2015, partners and stakeholders highlighted the following needs in their final recommendations: (a) facilitation of more exchange between the programmes, regions and countries of the framework and in the context of regional strategies, encouraging South-South, South-North and North-North cooperation; (b) provision of capacity-building at national and local level, while strengthening the role of national focal points; (c) ensuring more active involvement of stakeholder focal points and access to key information.

95. In that context, to accelerate the implementation of the framework, a number of actions are required:

(a) Coordination of the global platform of the framework through the core functions and services of the secretariat;

(b) Consolidation and implementation of the portfolios of the programmes of the framework to reflect the real value of the framework and all the resources it is catalysing;

(c) Strengthening of communications channels and cooperation between the programmes, regional platforms and national focal points;

(d) Encouragement of further contributions to the trust fund to enable timely implementation of the programmes at global and national levels and at the scale being demanded by many actors;

(e) Securing more active participation of the private sector and financial institutions in the framework by demonstrating the economic case for, and return on, investment generated by the shift to sustainable consumption and production patterns;

(f) Monitoring and measuring progress on sustainable consumption and production, including that delivered by the framework.

96. The adoption of the 2030 Agenda for Sustainable Development and the Sustainable Development Goals is a major opportunity to demonstrate the added value of the framework, enhance cooperation and provide support for the shift towards sustainable consumption and production patterns worldwide. In 2016 and beyond, the focus will be on implementation and scaling up the collective impact of the partners in the framework and on monitoring and measuring progress on the shift to sustainable consumption and production.

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World economic situation and prospects as of mid-2016*

Summary

Weak global growth continues to linger, posing a challenge to the implementation of the 2030 Agenda for Sustainable Development. The world gross product is projected to expand by just 2.4 per cent in 2016, the same weak rate as in 2015. This reflects significant downward revisions of growth for many countries in Africa, the Commonwealth of Independent States, and Latin America and the Caribbean compared with the forecasts in December 2015. Persistent weakness in aggregate demand in developed economies remains a drag on global growth, while low commodity prices, mounting fiscal and current account imbalances and policy tightening have further dampened the growth prospects of many commodity-exporting economies. The already bleak growth prospects have been compounded by severe weather-related shocks, political challenges and large capital outflows in many developing regions.

Downside risks to the global economy remain elevated against the backdrop of weak demand, low investment, low commodity prices and the financial market turbulence. Divergent global inflationary pressures have prompted procyclical monetary tightening in several developing economies, in contrast to additional monetary easing in the euro area and Japan, and delays in interest rate rises by the United States Federal Reserve. Increased divergence in global interest rates may intensify capital flow volatility and exchange rate pressures in developing economies. Greater policy coordination among countries could mitigate the negative spillover effects of policy misalignment and contain financial market volatility. There is also a growing need to reduce high dependency on monetary policy by exploiting available fiscal space and other policy measures to boost global growth.

* The present document updates *World Economic Situation and Prospects 2016* (United Nations publication, Sales No. E.16.II.C.2), released in January 2016.

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I. Global macroeconomic trends

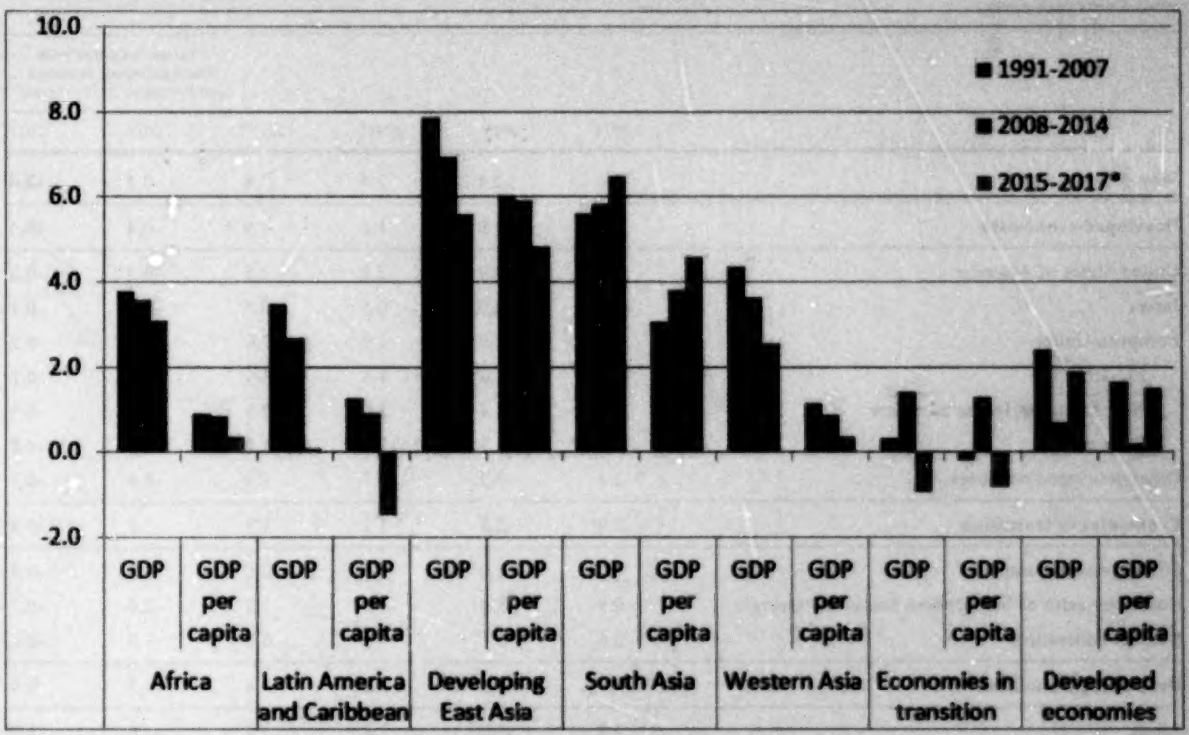
Global growth prospects

1. Economic activity in the world economy remains lacklustre, with little prospect for a turnaround in 2016. The prolonged period of slow global growth poses a challenge to the implementation of the 2030 Agenda for Sustainable Development, given that financing constraints continue to remain formidable. After a tumultuous start to 2016, global financial markets have largely stabilized, given that equity prices, the prices of primary commodities, and the currencies of emerging economies have recovered the losses suffered at the beginning of the year. Nevertheless, the world economy continues to face major headwinds identified in *World Economic Situation and Prospects 2016*, which are unlikely to ease in the near term. The world gross product is expected to expand by just 2.4 per cent in 2016, the same rate as in 2015. This marks a significant downward revision of 0.5 percentage points to forecasts reported in December 2015. Global economic growth prospects for 2017 also remain well below pre-crisis trends, and a protracted period of slow productivity growth and feeble investment weigh on the longer-term potential of the global economy.

2. The revised forecast reflects significant downward adjustments in the growth rates of many countries in Africa, the Commonwealth of Independent States (CIS), and Latin America and the Caribbean, where tighter policy stances have exacerbated the effects of a series of adverse shocks. Further falls in commodity prices since October 2015 have pushed fiscal and current account balances deep into deficit and put downward pressure on exchange rates in the many commodity-exporting countries in those regions, while severe drought related to El Niño effects has led to a sharp drop in agricultural output and localized spikes in food prices in parts of Africa, Asia, and Latin America and the Caribbean,[1] pushing up inflation and leading to monetary tightening in several economies. At the same time, internal political difficulties and other country-specific domestic factors have compounded the pressures from large capital outflows and rising debt levels. In particular, the recessions in Brazil and the Russian Federation have proved longer and deeper than anticipated, with significant regional spillovers. As a whole, economic growth in the developing countries in 2016 is unlikely to exceed the 3.8 per cent growth recorded in 2015. When viewed in per capita terms, the slowdown in gross domestic product (GDP) growth in many developing regions is particularly stark (figure I).

[1] See World Economic Situation and Prospects Monthly Briefing No. 89 (April 2016) for an analysis of the economic impact of El Niño.

Figure I
Gross domestic product and gross domestic product per capita growth



Source: Department of Economic and Social Affairs.
* Includes estimates and forecasts.

3. While inflationary pressures have prompted monetary tightening measures in many developing economies, the further decline in commodity prices has prompted additional monetary easing measures in the euro area and Japan, which are both pursuing negative interest rate policies.[2] The United States Federal Reserve is now expected to postpone further interest rate rises until the latter part of 2016. As the divergences between rates of return at the global level increase, there is a risk that capital flow and exchange rate volatilities could intensify again, heightening financial risks and further dampening global economic prospects. Greater coordination among the major central banks in the developed countries would mitigate the adverse spillovers to the developing countries, which face difficult policy choices as they seek to strike a balance between their objectives of stimulating economic growth and maintaining moderate inflation, stable currencies and financial stability.

[2] See World Economic Situation and Prospects Monthly Briefing No. 88 (March 2016) for a discussion of the potential risks associated with negative interest rate policies.

Table 1
Growth in world output, 2014-2017
(Annual percentage change)

	2014	2015[a]	2016[b]	2017[b]	Change compared with World Economic Situation and Prospects 2016 forecast	
					2016	2017
World	2.6	2.4	2.4	2.8	-0.5	-0.4
Developed economies	1.7	1.9	1.8	1.9	-0.4	-0.4
United States of America	2.4	2.4	2.2	2.5	-0.4	-0.3
Japan	-0.1	0.5	0.5	0.5	-0.8	-0.1
European Union	1.4	1.9	1.9	2.0	-0.1	-0.2
EU-15	1.2	1.8	1.8	1.9	-0.2	-0.2
New European Union members	2.7	3.4	3.0	2.9	0.0	-0.3
Euro area	0.9	1.7	1.7	1.8	-0.2	-0.2
Other developed countries	2.4	1.7	1.7	1.9	-0.4	-0.7
Economies in transition	0.9	-2.8	-1.2	1.1	-2.0	-0.8
South-Eastern Europe	0.2	2.0	2.3	2.6	-0.3	-0.4
Commonwealth of Independent States and Georgia	0.9	-3.0	-1.3	1.1	-2.0	-0.7
Russian Federation	0.6	-3.7	-1.9	0.6	-1.9	-0.6
Developing economies	4.4	3.8	3.8	4.4	-0.5	-0.4
Africa	3.8	3.0	2.8	3.4	-1.6	-1.0
North Africa	1.8	3.0	2.4	3.2	-1.7	-0.9
East Africa	6.5	5.7	6.1	6.2	-0.7	-0.4
Central Africa	5.8	3.0	4.1	4.6	-0.2	0.4
West Africa	6.1	3.3	3.4	3.9	-1.8	-1.4
Southern Africa	2.7	1.9	1.3	2.1	-1.7	-1.2
East and South Asia	6.1	5.7	5.7	5.8	-0.1	0.0
East Asia	6.1	5.7	5.5	5.6	-0.1	0.0
China	7.3	6.9	6.4	6.5	0.0	0.0
South Asia	6.3	6.1	6.6	6.8	-0.1	-0.2
India	7.2	7.3	7.3	7.5	0.0	0.0
Western Asia	2.8	2.8	2.4	2.7	0.0	-0.3
Latin America and the Caribbean	1.0	-0.6	-0.6	1.5	-1.3	-1.2
South America	0.5	-1.9	-1.9	0.9	-1.8	-1.5
Brazil	0.1	-3.8	-3.4	0.2	-2.6	-2.1
Mexico and Central America	2.5	2.8	2.7	2.9	-0.2	-0.5
Caribbean	3.4	4.0	3.4	3.9	-0.2	0.6
Least developed countries	5.6	3.9	4.8	5.5	-0.8	-0.1

	2014	2015[a]	2016[b]	2017[b]	Change compared with World Economic Situation and Prospects 2016 forecast: 2016	2017
Memorandum items:						
World trade[c]	3.4	2.4	3.1	4.1	-0.9	-0.6
World output growth with purchasing power parity-based weights	3.3	3.0	3.1	3.6	-0.5	-0.3

Source: Department of Economic and Social Affairs.

[a] Partly estimated.

[b] Forecast, based in part on Project LINK.

[c] Includes goods and services.

Capital inflows and exchange rates

4. Large developing economies remain prone to capital flow volatility and exchange rate pressures. Notwithstanding some revival in the first months of 2016, the depressed level of capital flows relative to 2011 is projected to continue, albeit to a lesser extent compared with the sharp capital reversal last year. In 2015, as the growth gap with the developed countries narrowed, net capital outflows from emerging economies reached $570 billion, with gross inflows plummeting to $290 billion — after averaging $1.2 trillion between 2010 and 2014 — and gross outflows posting $860 billion.[3] Capital outflows from China surged, reflecting corporate efforts to reduce their exposure to dollar-denominated debt and expectations of a depreciation of the renminbi. Although foreign direct investment (FDI) flows remained strong overall, they declined in Africa, Latin America and the economies in transition.[4]

5. Against the backdrop of increasing "flight to safety" activity, government bond yields declined further in the developed countries and gold prices posted their highest quarterly increase in more than two decades, while global equity markets and oil prices plummeted amid heightened currency volatility. Financial and commodity markets have largely stabilized and recovered from the losses suffered at the start of 2016, and capital flows to developing countries, notably Brazil, India, the Philippines and Taiwan Province of China, have also seen some revival. This incipient increase in capital inflows will be difficult to sustain, given that the growth outlook in emerging economies remains bleak, with limited scope for policy support in many countries, while excess capacity and low commodity prices continue to weigh on investment demand. Without greater coordination among the major central banks in the developed countries, a widening divergence in global interest rates in 2017 may have disproportionately large effects on portfolio flows to the developing countries, with renewed pressures on exchange rates.

6. The sharp decline in net capital flows since 2011 poses significant challenges to emerging economies as they struggle to reinvigorate growth and investment demand in a context of subdued commodity prices. Capital outflows tend to put

[3] Institute of International Finance, *Capital Flows to Emerging Markets* (January 2016).

[4] United Nations Conference on Trade and Development, *Global Investment Trends Monitor*, No. 22 (Geneva, 20 January 2016).

downward pressure on exchange rates and depress equity prices, increasing debt-to-equity ratios and deleveraging pressures and the likelihood of defaults. Currency pressures restrict monetary policy space, and several emerging economies, including Colombia, Egypt, Mexico, Nigeria and South Africa, have been compelled to increase interest rates in recent months, despite deteriorating economic prospects. The simultaneous decline in capital flows and commodity prices requires significant macroeconomic and structural adjustments, which might in turn lead to financial distress, surges in external financing costs and corporate or sovereign defaults and increase the risk of a debt crisis. Export-oriented and commodity-dependent economies are particularly vulnerable, especially those with relatively large current account deficits and high dollar-denominated debt.

7. High levels of international reserves and greater exchange rate flexibility in several economies have so far provided a significant cushion to gradually cope with the capital flow reversal. In the near term, the scope for countercyclical monetary policy loosening in many emerging economies may remain limited. Developing countries may need to use macroprudential regulations and, in some cases, targeted and selective capital controls to stabilize excessive capital flows and exchange rate volatility. Fundamentally, improving growth prospects against many odds remains a key strategy for many developing countries to restore a more virtuous cycle among capital flows, investment and development.

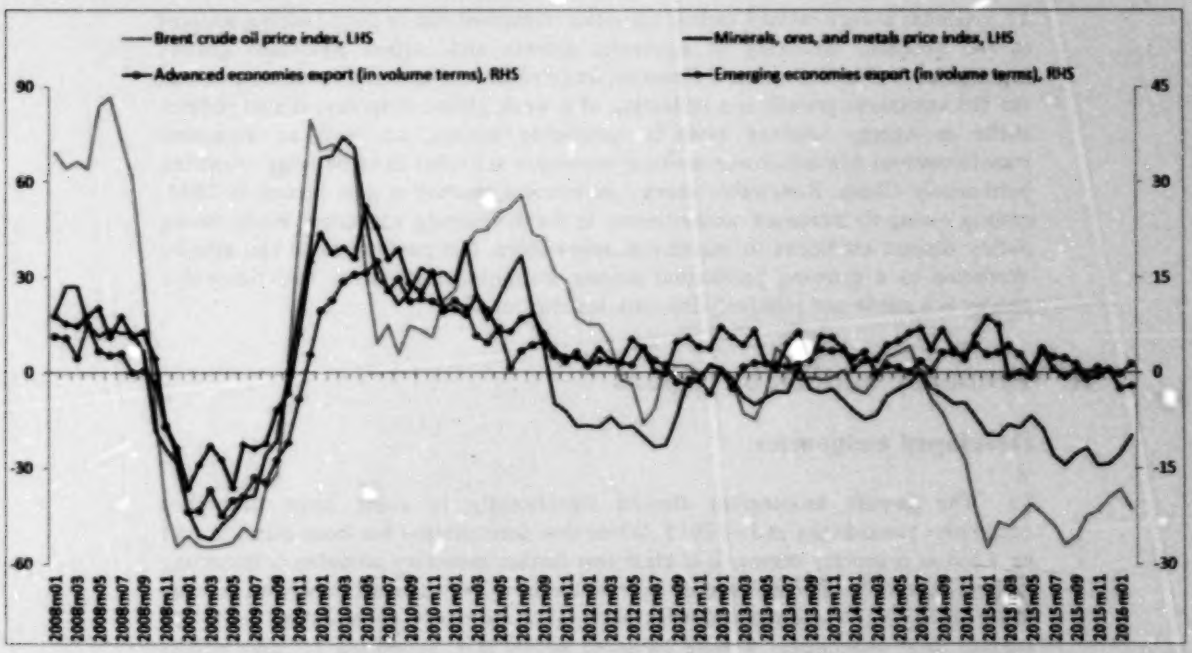
Trade flows and commodity prices

8. Global trade growth is projected to remain tepid in 2016, recovering slightly from the estimated 2.4 per cent growth in 2015 to 3.1 per cent in 2016. This lukewarm outlook is supported by the latest merchandise trade data from the last quarter of 2015 and the first months of 2016, although services trade has proved more resilient. Developed economies, particularly Western Europe, should continue to drive global trade during the forecast period. Trade growth in developing East Asia, a long-time engine of global trade, is set to experience very modest improvement in 2016, while CIS is expected to be the only region to experience an export decline in real terms in 2016, underpinned by weak economic prospects and geopolitical tensions. The mega-regional trade agreement, Trans-Pacific Partnership, was signed in February 2016 by 12 nations, which account for 40 per cent of world gross product. However, given its two-year ratification period, which will face political hurdles in a number of countries, the trade deal is unlikely to have a material impact on global trade in the near term.

9. Preliminary statistics show that global commercial services trade declined in value terms in 2015 for the first time since 2009, largely driven by the depreciation in major currencies against the United States dollar. The sharp drop in the value of merchandise trade also partly reflects the strength of the United States dollar, as well as the low level of commodity prices. Notwithstanding some recovery from the lows reached in January, oil prices were 17 per cent lower in March 2016 compared with the September 2015 levels. Natural gas prices also fell by over 30 per cent during the same time period. Oil prices are expected to remain at low levels in 2016, although the price forecast remains subject to a significant margin of uncertainty, as discussed further in section III below.

10. Amid continued oversupply in most markets, certain industrial metals, including copper and iron, also saw lower prices at the turn of the year, but prices either stabilized or rebounded in the first quarter of 2016. The rebound coincided with a slight pickup in China's demand for metals, including copper, iron and steel, reflecting the modest uptick in housing construction and the expansion of certain copper-intensive industries, such as the auto industry and renewable energy. Metal prices, however, are unlikely to receive significant demand support from China during the forecast period, as the economy moves to address industrial overcapacity and excessive housing inventory.[5] Despite strong El Niño effects on consumer prices for food in several countries, global agricultural prices have continued on a multi-year decline, as stock levels remain high.

Figure II
Exports and commodity prices, year-on-year growth



Source: CPB Netherlands Bureau for Economics; UNCTADStat.
Abbreviations: LHS, left-hand scale; RHS, right-hand scale.

Labour markets

11. Recent indicators for the United States of America and Europe suggest more robust labour market developments in developed economies. However, the persistently weak global economy has taken a toll on employment in many developing and transition economies, particularly those that have suffered a significant loss of commodity-related revenue, such as Brazil and Nigeria.

[5] See discussion in World Economic Situation and Prospects Monthly Bulletin No. 87 (February 2016).

Worldwide, it is estimated that 27 million more people are unemployed today than on the eve of the financial crisis, and that figure is expected to rise further in the coming two years. Even in countries with relatively low unemployment, youth unemployment rates are particularly high, which has important social ramifications. Poor job quality also remains a pressing issue. In South Asia and sub-Saharan Africa, more than two thirds of workers face vulnerable employment conditions, with little or no access to social protection schemes, high levels of job insecurity, and low and volatile earnings. Widespread global unemployment and job insecurity pose a significant challenge to global efforts to promote inclusive and sustainable economic growth, employment and decent work for all, as envisaged in the 2030 Agenda for Sustainable Development.

Carbon emissions and gross domestic product growth

12. Global energy-related carbon emissions remained flat in 2015, adding support to the potential delinking of economic growth and carbon emissions growth highlighted in *World Economic Situation and Prospects 2016*. While to some extent, the flat emissions growth is a reflection of a weak global economy, it also reflects shifts in energy sources towards renewable energy, as well as structural transformations towards lower-emitting economic activities in some large countries, particularly China. Renewable energy investment reached a new record in 2015, mainly owing to increased commitments in the developing countries. While strong policy support continues to incentivize renewables, this positive trend can also be attributed to a growing realization among institutional investors that renewable energy is a stable and relatively low-risk investment.

II. Economic outlook by regions

Developed economies

13. The growth momentum slowed significantly in some large developed economies towards the end of 2015. While that deterioration has been offset in part by a looser monetary stance, it is clear that further monetary stimulus is becoming increasingly ineffective and can be expected to have only a small impact on growth. Since 2010, the developed countries have relied primarily on monetary policy to support their economies. A more balanced policy mix, supported by more robust fiscal policy stances and coordinated among the largest economies, could provide a much-needed impetus to the global economy.

14. In the United States, GDP growth is expected to reach just 2.2 per cent in 2016. The revival of business investment in the United States lost momentum in 2015, culminating in a sharp drop in the final quarter. Labour market indicators are generally favourable, but manufacturing and mining industries are showing signs of strain, reflecting the low price of oil and the strong dollar, which appreciated by 13 per cent in nominal effective terms in 2015. Notwithstanding some uptick in inflation, core inflation remains below 2 per cent, and the Federal Reserve is expected to remain cautious regarding further interest rate rises.

15. GDP growth in Japan has exhibited significant volatility in recent quarters and the economy remains plagued by weak household consumption. Notwithstanding

further monetary easing in January 2016, the recent appreciation of the yen will also continue to weigh on the economy in 2016-2017, and GDP growth is forecast to average 0.5 per cent in both years. This assumes that the proposed consumption tax increase scheduled for April 2017 will be postponed. If, however, the tax increase is implemented, Japan could fall back into recession in 2017.

16. The economy of the European Union is expected to expand by 1.9 per cent in 2016 and 2.0 per cent in 2017, representing only a slight downward revision compared with *World Economic Situation and Prospects 2016*. While private consumption in a number of economies is supported by improving labour market conditions, business investment is restrained by heightened global economic uncertainty. The capital goods manufacturing sector, in particular, is hampered by weaker demand from China and depressed conditions for global energy exploration and investment. While fiscal expansion could give a much-needed boost to growth, high debt levels and political constraints continue to prevent a more supportive role for fiscal policy in Europe.

Economies in transition

17. The near-term economic forecast for the CIS region has been revised downwards against the background of lower international energy prices, a less favourable global environment, the contractionary impact of tighter fiscal policies and domestic political uncertainties. Among the major energy exporters, Azerbaijan, Kazakhstan and the Russian Federation are expected to register GDP declines in 2016. Notwithstanding some improvement in the monthly dynamics, GDP in the Russian Federation is forecast to contract by 1.9 per cent in 2016 owing to fiscal tightening and further declines in private consumption and investment, while international sanctions continue. Among the energy importers, the economy of Ukraine is expected to stagnate in 2016. Suspension of the free trade agreement with Ukraine by the Russian Federation and the imposition of a food embargo may have tangible impacts on the Ukrainian economy, despite already weaker bilateral trade. Generally low growth rates are projected for the smaller CIS economies in 2016 against the backdrop of a significant contraction in remittances from the Russian Federation and sharp currency depreciations in 2015. The aggregate GDP of CIS and Georgia, which shrank by 3.0 per cent in 2015, is expected to contract further, by 1.3 per cent, in 2016 and return to modest growth of 1.1 per cent in 2017. Inflation is expected to moderate as currencies stabilize, but will remain at double-digit rates in some cases. Meanwhile, unemployment is expected to increase, owing in particular to diminished opportunities for the migrant workers from the Caucasus and Central Asia.

18. Notwithstanding some easing of monetary policies in early 2016 in response to reduced exchange rate volatility and slowing inflation, near-term investment prospects in the region remain bleak, aggravated by weaknesses in the banking sector in particular. This follows several years of weak investment (especially in the Russian Federation and Ukraine), which threatens future potential output and growth. To revitalize economic growth, several Governments are considering ambitious privatization programmes, which would help to finance fiscal deficits but might adversely affect employment. Fiscal buffers such as sovereign wealth funds are also being drawn down to meet current fiscal obligations. While a number of CIS countries have designed anti-crisis fiscal measures to support certain industries

and to mitigate the social consequences of recession, the overarching fiscal stance in the region remains tight.

19. Diversification of the CIS economies — and for the smaller ones, diversification of their export markets as well — remains a key medium-term challenge. A sustained period of low oil prices remains a major risk for the region, along with the fragilities in the banking system and geopolitical challenges.

20. Prospects for South-Eastern Europe, on the other hand, remain more favourable, supported by stronger demand from the European Union and low energy prices. Regional GDP increased by 2.0 per cent in 2015, with projected acceleration to 2.3 per cent growth for 2016 and 2.6 per cent for 2017. Lower fuel and food prices kept inflation in South-Eastern Europe near zero in 2015 and, despite the stronger economic activity, inflation should remain at low levels in 2016. Labour market trends in general have improved, although unemployment in Serbia may increase because of fiscal retrenchment linked to the International Monetary Fund programme.

21. The Governments in South-Eastern Europe are facing the dilemma of pursuing fiscal consolidation and, in some cases, addressing current account deficits, while stimulating economic expansion. Medium-term prospects are also constrained by infrastructure and energy bottlenecks, low labour force participation, nascent financial markets and a business environment that is often challenging. The migrant crisis in Europe compounds the challenges for the region.

Developing countries

Asia

22. The developing economies of East Asia are expected to see only a modest deceleration in growth in 2016, with the slowdown in China offset in part by acceleration in the rest of the region. Domestic demand, particularly private consumption, will remain the engine of growth for most countries. Despite the stabilization or depreciation of most of the region's major currencies since early or mid-2015, exports continued to decline in early 2016, particularly in relation to intraregional trade. Investment remains generally weak, although Malaysia and Viet Nam, which are expected to reap significant benefits from the Trans-Pacific Partnership, are projected to step up investment in preparation for the trade agreement. The establishment of the Association of Southeast Asian Nations (ASEAN) Economic Community at the end of 2015 and the introduction of other regional economic integration measures could also entice additional private investment. Inflation has been subdued across the region, with some economies facing deflationary pressure. For the region as a whole, GDP growth is projected to average 5.5 per cent in 2016 and 5.6 per cent in 2017. China is projected to grow by 6.4 per cent in 2016 and 6.5 per cent in 2017, in line with the Government target. China's import demand, particularly for commodities, is unlikely to rebound strongly during the forecast period, given the policy focus on addressing industrial overcapacity and excessive housing inventory. This will continue to weigh on global commodity prices. A more substantial slowdown in the Chinese economy remains a downside risk both for the region and on a global scale.

23. Across the region, fiscal policy is expected to play a more prominent role in boosting growth, although there are concerns regarding striking the balance between fiscal discipline and flexibility in several countries. Despite the already low interest rates, room for further monetary loosening also exists for many economies. However, this may entail risks in relation to capital outflow and the rising level of household and corporate leverage.

24. Despite the protracted instabilities and general weakness of the global economy, the economic outlook for South Asia remains favourable, with most countries benefiting from low oil prices. Regional GDP growth is expected to accelerate from 6.1 per cent in 2015 to 6.6 and 6.8 per cent in 2016 and 2017, respectively, owing to robust private consumption, strengthening investment demand and gradual progress on domestic policy reforms. Inflation is projected to remain relatively tame, reflecting subdued commodity prices and lower pressures from supply-side bottlenecks. This has increased monetary policy space, with prospects for further easing in some economies, including India. In contrast, fiscal policies remain tight or under consolidation in most countries, and deficits will remain relatively high, particularly in Bangladesh, Pakistan and Sri Lanka. Overall, the positive outlook will enable further gradual progress on poverty reduction.

25. The regional prospects are contingent on robust growth in India and the recovery of the Islamic Republic of Iran. The economy of India is slowly gaining momentum, with an expected GDP growth of 7.3 and 7.5 per cent in 2016 and 2017, respectively. Despite some delays in domestic policy reforms and enduring fragilities in the banking system, investment demand is supported by the monetary easing cycle, rising FDI, and government efforts towards infrastructure investments and public-private partnerships. Meanwhile, after several years of economic difficulties, the outlook for the Islamic Republic of Iran is improving as the lifting of international sanctions encourages the revival of the oil sector and facilitates trade and financial flows. In contrast with the regional trend, the outlook in Sri Lanka has deteriorated, amid a weak fiscal position and balance-of-payments difficulties.

26. Notwithstanding the favourable outlook, South Asian economies face several domestic downside risks, including setbacks in reform agendas and political instabilities. Structural issues such as energy shortages, low participation of women in the labour force and large infrastructure gaps remain major regional challenges.

27. The economic outlook for Western Asia continues to be driven by oil market developments, ongoing conflicts and geopolitical concerns. Regional GDP growth is expected to weaken further, from 2.8 per cent in 2015 to 2.4 per cent in 2016, as lower oil prices require significant macroeconomic adjustments and investment demand remains subdued. Against this backdrop, inflation is projected to continue on a relatively moderate path in most economies, while weak labour markets are not expected to improve substantially, with structural unemployment remaining high, particularly among young people.

28. The slowdown is more pronounced in the countries of the Cooperation Council for the Arab States of the Gulf, with domestic demand decelerating and external and fiscal accounts weakening in most economies. Even though several countries benefit from large international reserves and sovereign wealth funds, particularly Kuwait, Qatar and the United Arab Emirates, all Gulf Cooperation Council countries are undertaking major reforms in order to maintain fiscal sustainability, including

spending and subsidy cuts, tax increases and, progressively, new issuance of external debt. In addition, Gulf Cooperation Council countries lifted their policy rates following the Federal Reserve's increase in December 2015. Against this backdrop, the outlook for Gulf Cooperation Council countries has visibly worsened since the end of 2015, especially in Bahrain, Oman and Saudi Arabia. As a result, they need to strike a delicate balance among subsidy reforms, tax increases and new debt issuance in order to secure social cohesion, fiscal sustainability and growth prospects.

29. Among the more diversified economies, the economy of Turkey will receive a boost in consumption from a large rise in the minimum wage in 2016, but economic activity will be constrained by weak investment, political uncertainty and a tightening policy stance. In countries experiencing military conflicts and geopolitical turmoil, such as Iraq, the Syrian Arab Republic and Yemen, the humanitarian crisis continues and economic and social conditions remain precarious. The expansion of armed conflicts and geopolitical tensions is a serious downside risk for the region.

Africa

30. Economic growth in Africa continues to lose momentum, as it is buffeted by global, regional and internal headwinds. While many countries have embarked on a gradual process of economic diversification, with investment increasingly directed towards the manufacturing sector, the continent remains highly commodity-dependent. Given the low level of global commodity prices, export income in many countries dropped sharply in 2015 and may fall further in 2016. Many countries suffer from continued shortfalls in infrastructure such as energy supply and health-care facilities, leading to power shortages in countries such as Nigeria and South Africa and complicating progress towards economic and social development. In addition, many parts of the continent have suffered from severe drought, which has decimated crops and livestock and severely curtailed agricultural production in the affected regions. This has pushed up inflation, required higher imports of food staples, further reduced export earnings and put pressure on public finances, as basic foodstuffs are widely subsidized. Security concerns also continue to weigh on many parts of the continent, undermining confidence and economic activity.

31. GDP growth for the continent as a whole slowed to 3.0 per cent in 2015, and a further moderation, to 2.8 per cent, is expected in 2016. This marks a significant downward revision to forecasts reported in *World Economic Situation and Prospects 2016*. While a modest recovery, to 3.4 per cent, is expected in 2017, growth in Africa will remain well below the average of nearly 6 per cent per annum seen in the years leading up to the global financial crisis. When viewed in per capita terms, the outlook is particularly bleak, with GDP per capita growth expected to average just 0.4 per cent from 2015 to 2017.

32. The ongoing political turmoil in Libya has pushed the oil-reliant economy into a prolonged and deep recession, which continues to restrain growth and adversely affect political and economic governance in North Africa. Security concerns remain elevated across much of the region, with a severe impact on the tourism sectors of Egypt and Tunisia in particular, although some improvements are emerging. Security issues are becoming increasingly widespread across other African regions as well, dampening confidence across parts of Central, East and West Africa.

33. The downward revision to economic prospects in Southern Africa reflects the deterioration of commodity prices, the severe drought wrought by El Niño and inflationary pressures from widespread currency depreciation. Severe drought has also swept across Ethiopia and parts of Somalia in East Africa, while parts of North Africa have suffered from drought conditions.

34. In West Africa, economic growth in the small economies of Guinea, Liberia and Sierra Leone is expected to bounce back noticeably in 2016 after the Ebola epidemic. However, the region's larger economies continue to face difficulties posed by low commodity prices. Central Africa is dominated by heavily oil-reliant economies, which can be expected to suffer further export losses in 2016.

35. With inflationary and currency pressures rising across much of Africa, central banks in Angola, Egypt, the Gambia, Ghana, Kenya, Malawi, Mozambique, Namibia, Nigeria, South Africa and Zambia have increased their policy rates in recent months. This is in contrast to the moves in Botswana, Cabo Verde, Morocco, Tunisia and the currency unions of Central and West Africa, which have been more closely aligned with monetary policy in the euro area. This widening divergence of rates of return within Africa can be expected to drive shifts in capital flows and further currency pressures in the region in 2016.

36. Governments require new sources of revenue to respond to mounting fiscal pressures from weak growth, lost commodity-related revenue and rising expenditure to combat weather-related crises. Several African countries have issued dollar-denominated debt since the global financial crisis. While this has allowed them to borrow at much lower interest rates, it has also exposed them to currency risk. These risks have materialized in countries such as Angola, Ghana, Namibia, the United Republic of Tanzania and Zambia, where currencies have lost up to 50 per cent of their value since 2014, doubling debt-servicing costs on foreign currency-denominated debt.

Latin America and the Caribbean

37. The economic prospects for Latin America and the Caribbean deteriorated notably over the past six months as the region felt the impact of lower commodity prices, significant capital outflows and, in some cases, tighter monetary and fiscal policies. GDP growth forecasts have generally been revised downwards, especially for the commodity-dependent economies of South America, with Brazil being mired in a deeper-than-expected recession. Aggregate regional GDP contracted by an estimated 0.6 per cent in 2015 and is projected to decline at the same rate in 2016. This would mark the first time since the debt crisis in 1982-1983 that regional output has fallen for two consecutive years. In 2017, growth is expected to resume, with aggregate GDP projected to expand by 1.5 per cent on the back of a mild recovery in commodity prices and a pickup in domestic demand across the region. Medium-term growth is, however, likely to remain tepid, potentially making it harder to maintain the pace of social progress reached in the region in the 2000s.

38. Economic activity in South America is projected to contract substantially for a second year in a row as strong headwinds persist and significant macroeconomic adjustment processes are under way. The marked downgrade for the region reflects two main factors. First, Brazil is headed for a deeper and longer-lasting recession than previously expected. After GDP declined by 3.8 per cent in 2015, a further contraction of 3.4 per cent is projected for 2016. The combination of a deepening

political crisis, rising inflation, a surging fiscal deficit and high interest rates has led to a sharp deterioration of consumer and business confidence, which remains close to historical lows. Gross fixed capital formation plummeted as companies aggressively slashed capital spending amid expectations of further shrinking demand and rising borrowing costs. At the same time, household consumption is being held back by rising unemployment, falling real wages and high debt levels. Against this backdrop, only a very modest recovery by 0.2 per cent is forecast for 2017, contingent upon an easing of the political crisis and a stabilization of the macroeconomic situation. Given the significant trade and financial linkages, the crisis in Brazil has negative spillover effects on several neighbouring countries, most notably Argentina, Bolivia (Plurinational State of) and Paraguay.

39. The second factor weighing on the near-term outlook for South America is a tighter macroeconomic policy stance in most countries. Governments have started to implement fiscal consolidation measures to cope with the shortfall in revenues caused by the sharp decline in commodity prices and weaker growth. The new Government of Argentina, for example, cut electricity subsidies, while the Government of Colombia decided to reduce investment spending in 2016. At the same time, almost all central banks have tightened monetary policy in response to rising inflation, which has been fuelled by the large depreciations of national currencies during the past two years. In several countries (Colombia and Paraguay, for example), inflation has also been pushed up by higher food prices caused by droughts or flooding related to El Niño. Consumer price inflation is currently well above the target levels of most central banks, exceeding 10 per cent in Argentina, Brazil, Uruguay and Venezuela (Bolivarian Republic of). While higher policy rates have eased some pressure on capital flows and currencies, the tight fiscal and monetary stance will weigh on domestic demand and could exacerbate the cyclical downturn.

40. In contrast to South America, the prospects for Mexico, Central America and the Caribbean have worsened only slightly over the past six months. The Mexican economy is expected to see stable but subdued growth in 2016, held back by lower oil and gas production and a tight fiscal budget. The prospects for Central America and the Caribbean are generally more benign. Most countries are expected to benefit from lower oil prices, solid growth in the United States and relatively supportive macroeconomic policies, but growth performances will continue to vary considerably.

Least developed countries

41. GDP growth in the least developed countries is forecast to reach just 4.8 per cent in 2016 and 5.5 per cent in 2017, well below potential and well below the Sustainable Development Goal target of at least 7 per cent GDP growth. There is a risk that many least developed countries, particularly those that rely largely on commodity exports, may be unable to sustain the much-needed public spending on education, health and climate change adaptation and that progress in poverty reduction may stall. Poverty reduction also risks setbacks from the economic consequences of the current El Niño cycle. In the aftermath of the strong El Niño in 1997-1998, poverty rates increased by 15 per cent in some affected countries, as losses in the agricultural sector and high food prices tend to have a disproportionately large impact on the poor. Further poverty reduction efforts will

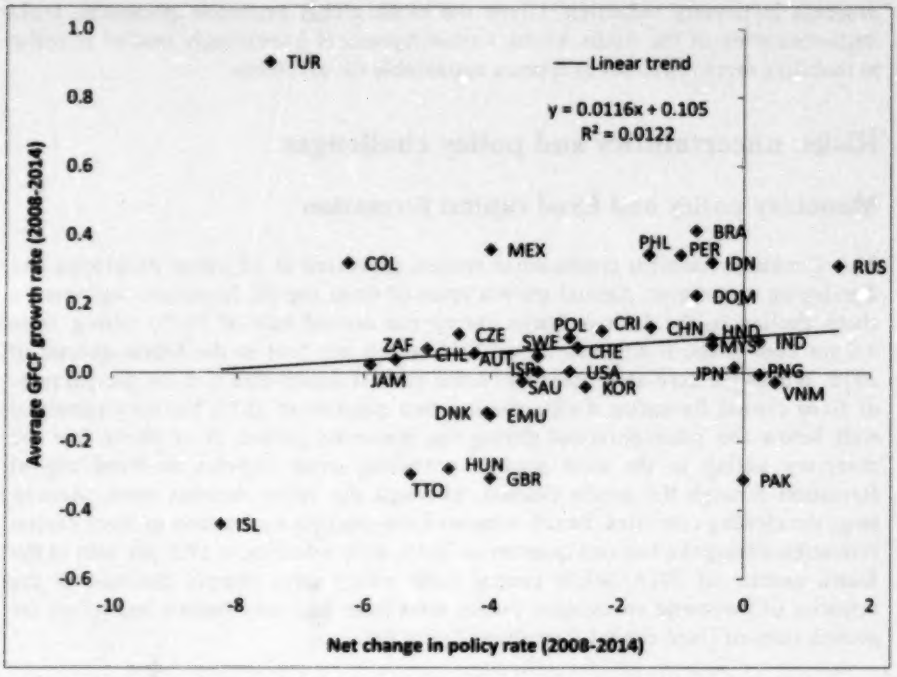
need to be supported with adequate and effective redistribution policies, while concerted policy efforts at both the national and global levels are needed to ensure that the damage wrought by shocks such as El Niño do not derail or reverse the progress in poverty reduction. Given the bleak global economic prospects, rapid implementation of the Addis Ababa Action Agenda is increasingly crucial in order to mobilize more resources to finance sustainable development.

III. Risks, uncertainties and policy challenges

Monetary policy and fixed capital formation

42. Capital investment continues to remain depressed in all major developed and developing economies. Annual growth rates of fixed capital formation registered a sharp decline in the United States during the second half of 2015, falling from 4.6 per cent in the fourth quarter of 2014 to 3.0 per cent in the fourth quarter of 2015. Within the euro area, there was some modest improvement in the growth rates of fixed capital formation during the last two quarters of 2015, but they remained well below the rates observed during the pre-crisis period. It is likely that the monetary easing in the euro area is providing some impetus to fixed capital formation through the credit channel, although the effect remains weak. Among large developing countries, Brazil witnessed the sharpest contraction in fixed capital formation during the last two quarters of 2015, with a decline of 18.5 per cent in the fourth quarter of 2015. While central bank policy rates sharply declined in the majority of the world economies, policy rates have had only limited impact on the growth rates of fixed capital formation (figure III).

Figure III
Changes in policy rates and average growth rates of fixed capital formation in selected economies



Abbreviations: AUT, Austria; BRA, Brazil; CHE, Switzerland; CHL, Chile; CHN, China; COL, Colombia; CRI, Costa Rica; CZE, Czech Republic; DNK, Denmark; DOM, Dominican Republic; EMU, euro area; GBR, United Kingdom of Great Britain and Northern Ireland; GFCF, gross fixed capital formation; HND, Honduras; HUN, Hungary; IDN, Indonesia; IND, India; ISL, Iceland; ISR, Israel; JAM, Jamaica; JPN, Japan; KOR, Republic of Korea; MEX, Mexico; MYS, Malaysia; PAK, Pakistan; PER, Peru; PHL, Philippines; PNG, Papua New Guinea; POL, Poland; RUS, Russian Federation; SAU, Saudi Arabia; SWE, Sweden; TTO, Trinidad and Tobago; TUR, Turkey; USA, United States of America; VNM, Viet Nam; ZAF, South Africa.

43. The unconventional monetary policy measures pursued by the major central banks since the onset of the global financial crisis managed to ease liquidity constraints in the financial system, boost asset prices and restore the balance sheets of corporates and households. There is, however, little evidence that the quantitative easing measures boosted credit growth and investment rates, largely because of their limited pass-through effects on lending rates. As shown by Illes and Lombardi (2013),[6] while central bank policy rates have been record low in most developed economies, the low policy rates have not necessarily resulted in significantly lower lending rates for households and the non-financial corporate sector. In fact, the effect on real interest rates has been more muted, and in a number of countries, decreases in policy rates have been associated with increases in real interest rates, largely because of sharper downward adjustments in inflation (table 2). Weak

[6] Anamaria Illes and Marco Lombardi, "Interest rate pass-through since the financial crisis", Bank for International Settlements, *BIS Quarterly Review* (September 2013).

monetary transmission channels on the supply side and persistent uncertainty on the demand side largely explain why monetary easing did not lead to higher levels of borrowing and capital formation by the non-financial sector.

Table 2
Changes in policy rates and lending rates in selected economies, 2008 to 2014

	Net change in policy rates	*Net change in lending interest rate*	*Net change in real interest rate*
	2008-2014	*2008-2014*	*2008-2014*
United States	-2.75	-1.8	-1.3
Japan	-0.15	-0.7	-3.6
United Kingdom of Great Britain and Northern Ireland	-4.00	-4.2	-3.0
Canada	-3.75	-1.7	0.4
Australia	-4.25	-3.0	0.3
China	-1.47	0.3	7.0
India	0.25	-3.0	2.7
Brazil	-0.75	-15.2	-11.8
Russian Federation	1.5	-1.1	8.5
South Africa	-5.50	-6	-2.6

Source: Central bank policy statements and World Development Indicators.

44. *World Economic Situation and Prospects 2016* highlighted the linkages between falling fixed capital formation and diminishing productivity trends during the post-crisis period. While productivity growth had begun falling before the global financial crisis, particularly in the United States, the downturn in productivity growth became more pronounced with the near collapse of fixed investment that began in 2009. Falling investment and productivity growth has had an adverse impact on the trajectory of potential growth in both developed and developing economies. If weak investment trends worldwide continue to persist, it is unlikely that productivity growth will accelerate in the near term, and the promise of decent work and higher living standards, as envisaged in the 2030 Agenda for Sustainable Development, will remain elusive. Monetary easing measures need to be complemented with targeted lending programmes, especially for small and medium-sized enterprises, to ensure that low policy rates indeed boost borrowing, investment and productivity growth. There also need to be complementary fiscal measures, as discussed in the following section, for the stimulation of investment and growth and the realization of the 2030 Agenda for Sustainable Development.

Expanding and exploiting fiscal space

45. The latest round of downward revisions to growth forecasts reinforces the concern that the world economy remains stuck in a low-growth equilibrium that could impede progress towards the achievement of the Sustainable Development Goals. Since 2010, the developed countries, as well as some emerging market economies, have relied primarily on monetary policy to stimulate growth and job

creation. This heavily skewed macroeconomic policy mix has failed to revive investment and productivity, leaving a significant scar on medium-term economic prospects. Against this backdrop, *World Economic Situation and Prospects 2016* recommended a fundamental shift towards a more balanced macroeconomic policy mix in major countries, including a more supportive role for fiscal policy. The case for fiscal expansion is supported both by the limited gains and potential downside risks associated with a further expansion of unconventional monetary policy measures and by the argument that fiscal multipliers are particularly large under current conditions (namely, where the monetary stance is highly accommodative). Several recent studies have documented that expansionary fiscal policy, particularly increases in government investment, can have unusually strong effects when policy rates are close to zero.[7]

46. In order to adopt an expansionary fiscal stance, Governments must have some degree of "fiscal space", although there is no consensus on how this should be defined or measured. The most widely used definition describes it as the availability of budgetary room that allows a government to provide financial resources for a specific activity without affecting its financial sustainability.[8] The notion of fiscal space is thus closely linked to the concept of debt sustainability.

47. A measure of fiscal space now increasingly adopted is the distance between a country's current public debt level and an estimated debt limit that depends on its country-specific history of fiscal adjustment and the interest rate it faces.[9] Using this metric, a considerable majority of economies appear to have more limited fiscal space than at the onset of the global financial crisis. In a sample of 122 developed and developing countries, over 75 per cent saw an increase in the gross public debt-to-GDP ratio between 2008 and 2014. Europe and North America had the most rapid rise, with significant rises in many countries in Africa, CIS, Latin America and the Caribbean, and Western Asia as well. Preliminary data for 2015 indicate that the upward trend continued, especially in developing economies. The broad-based increase in the public debt-to-GDP ratios can be attributed to financial sector bailouts and large fiscal stimulus programmes in the aftermath of the crisis, but also the protracted period of subdued GDP growth in most parts of the world economy. In many developing countries, particularly in Africa, Latin America and the Caribbean, and Western Asia, it also reflects the sharp decline in commodity prices and currency depreciation among economies with high foreign currency-denominated debt.

48. While fiscal space is generally more restricted than in 2008/09, current debt levels are still well below the estimated debt limits reported by Ghosh and others[9] in most countries, suggesting that fiscal space may still be available in many economies. This is further substantiated by the benign conditions for government borrowing that currently prevail, especially in developed economies. Government borrowing costs are currently close to historic lows in many countries. According to recent estimates, about $8 trillion in government bonds globally have negative yields, including one third of euro area bonds and three quarters of Japanese government bonds. More importantly, while yields are expected to increase from

[7] See, for example, Ethan Ilzetzki, Enrique G. Mendoza and Carlos A. Végh, "How big (small?) are fiscal multipliers?", *Journal of Monetary Economics*, vol. 60, issue No. 2.

[8] Peter S. Heller, "Understanding fiscal space", International Monetary Fund (IMF) Policy Discussion Paper, No. 05/4.

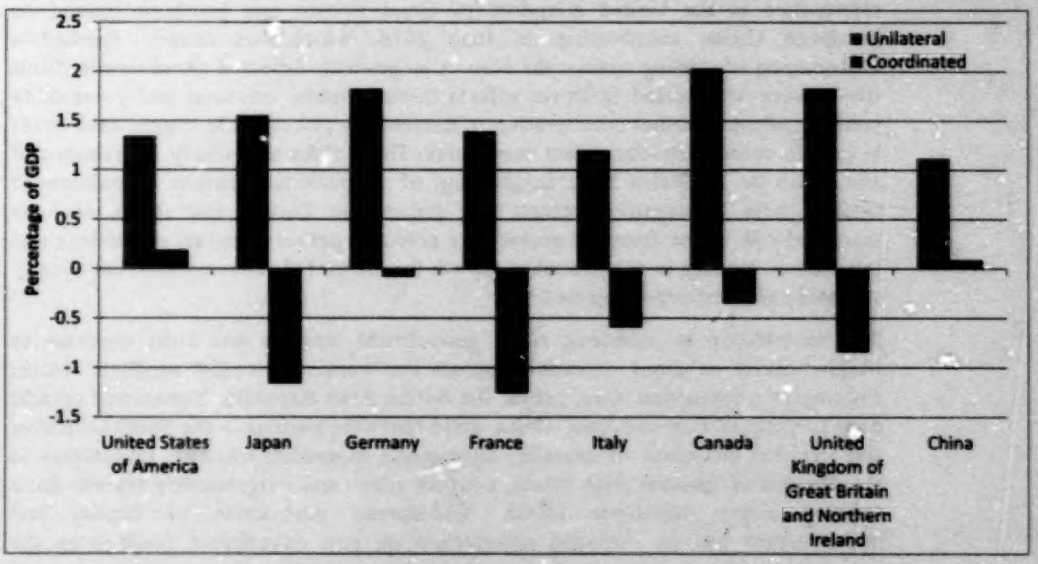
[9] See, for example, Atish R. Ghosh and others, "Fiscal fatigue, fiscal space and debt sustainability in advanced economies", *The Economic Journal*, vol. 123, issue No. 566.

their ultra-low levels in the next few years, they are expected to remain low for an extended period. Barring a sudden rise in borrowing costs, the compound interest of any newly incurred debt will accumulate at a minimal rate. In the developing countries, the medium-term outlook for borrowing costs is more uncertain and there is a greater risk that financing costs could rise more rapidly.

49. A reorientation towards a more balanced policy mix would exploit fiscal support along three routes. First, countries that have sufficient fiscal space and face low borrowing costs should raise fiscal expenditures, in particular by expanding public investment in infrastructure, research and development and other areas that can lift potential growth. From a global perspective, the most effective strategy would be a coordinated fiscal stimulus by a group of large developed and emerging economies, similar to the Group of 20 (G-20) agreement on coordinated stimulus measures in 2009. This would ensure that a maximum number of countries in all regions benefit from the positive spillover effects, thus helping to raise the global multiplier. In a simulation exercise, an increase in fiscal expenditures of 1 per cent of GDP in the Group of Seven (G-7) countries and China could raise world gross product growth from 2.4 to 3.8 per cent in 2016. The spillovers to developing countries would be significant, allowing growth in the least developed countries to reach 5.7 per cent, compared with a baseline projection of 4.8 per cent. Compared with a stimulus that is introduced unilaterally in a single country, a coordinated stimulus would, for the most part, offset the costs of the expansion, owing to the global spillovers of growth between countries (figure IV). If the fiscal spending were directed towards capacity-raising investment, the net impact on government debt would be even smaller.

Figure IV

Rise in government debt after 10 years under unilateral and coordinated fiscal expansions



Source: World Economic Forecasting Model simulations.

Note: An expansion of government spending by 1 per cent of GDP in year one is gradually withdrawn over the next 10 years. The unilateral scenarios are conducted in one country at a time, while the coordinated scenario is conducted for all eight countries simultaneously.

50. Second, even where fiscal space is limited, there is ample room for Governments in both developed and developing countries to enhance the medium-term impact on growth and employment generation by improving the efficiency of fiscal measures. This could encompass a partial reallocation of public expenditures from consumption to investment, as well as a range of structural reforms aimed at strengthening employment and productivity.

51. Third, Governments in developing and transition economies should aim to gradually expand fiscal space by increasing revenues. This would allow increased investment in infrastructure, health, education and environmental protection measures, without incurring further debt. In many parts of Africa, South Asia and Western Asia, tax-to-GDP ratios are very low, mostly less than 15 per cent, compared with an average rate of 34 per cent in developed countries. Broadening the tax base, strengthening tax administration and increasing compliance can help to create additional fiscal space for countercyclical policies and increased development spending.

52. The reorientation of the policy mix should be part of a broader medium-term fiscal sustainability framework that will eventually bring the public debt burden down to more sustainable levels.

Risks and uncertainties

53. Downside risks to the global economy remain elevated. Key areas of concern include deepening financial vulnerabilities in a number of developing countries, which could be sharply exacerbated by a sudden withdrawal of capital. Financial vulnerabilities in developed economies could also intensify following the referendum in the United Kingdom of Great Britain and Northern Ireland on European Union membership in June 2016, which has already sparked a depreciation of sterling against the euro. A larger-than-expected slowdown in China would have widespread spillover effects through trade, financial and commodity markets, while a further deterioration of commodity prices could trigger debt crises in certain commodity-dependent economies. These risks are closely interconnected and could be amplified by a heightening of geopolitical tensions or unintended consequences of negative interest rate policies in Europe and Japan, such as increased risk in the financial sector or a potential perverse impact on savings and investment, leading to much weaker growth for the global economy than the already subdued pace currently projected.

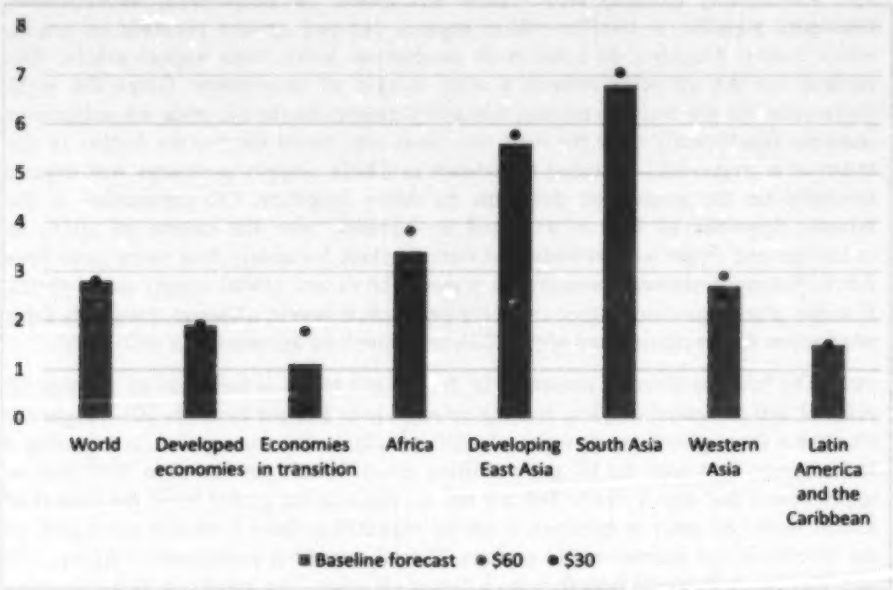
54. In addition to economic risks, geopolitical tensions and risks continue to weigh heavily on many economies across the world. Prolonged conflicts remain ongoing in Afghanistan, Iraq, Libya, the Syrian Arab Republic, Yemen and several parts of Central, East and West Africa, amid renewed tensions in the South Caucasus and frequent violations of ceasefire agreements in eastern Ukraine. In addition to the devastating humanitarian crises, conflict zones and neighbouring regions have suffered heavy economic losses. Widespread destruction of capital and infrastructure and an extended moratorium on new investment could keep the economies well below pre-conflict production potential for many years, even once a lasting solution is in sight. Millions of people are being displaced from their homes, driving the most severe refugee crisis since World War II. Trade flows are suffering from the higher costs of transportation and insurance, while a general loss of

confidence continues to discourage both domestic and foreign investment and tourism flows in conflict-affected countries.

55. Commodity markets also remain susceptible to geopolitical uncertainties. Disrupted supplies in conflict-ridden regions can put upward pressure on prices, while policy decisions in relation to production levels also impact prices. The outlook for the oil price reflects a wide margin of uncertainty. Given the weak projections for the world economy, demand pressures on the oil price are unlikely to increase significantly over the next two years and could deteriorate further in the event of a larger-than-expected slowdown in China. Supply pressures will depend crucially on the production decisions of major suppliers. Oil production in the Islamic Republic of Iran is expected to increase over the course of 2016, as economic and financial sanctions that were in place for nearly four years have been lifted, putting downward pressure on prices. The excess global supply could shrink if major producers could agree to freeze production levels, although prospects for a production freeze diminished after a failure to reach an agreement in mid-April.

56. The baseline forecast presented in the present report is based on an average oil price of $40 per barrel in 2016, inching up slightly to $46 per barrel in 2017. Figure V illustrates the regional sensitivities of GDP growth to this assumption, considering a lower bound that sees the oil price drifting down to $30 per barrel in 2017 and an upper bound that sees a rise to $60 per barrel. While at the global level, the impact of a shift in the oil price is minimal, it can be expected to have a significant impact on the distribution of income across regions. The oil-exporting economies of Africa, CIS and Western Asia would benefit from a higher oil price. The impact on fuel-importing economies would be more modest and would be most evident in inflation. A lower oil price would increase deflationary pressures and could lead to further delays in interest rate rises by the Federal Reserve. Additional risks associated with a further deterioration in commodity prices include the increase of fiscal pressures in commodity-exporting countries, which could eventually call into question the sustainability of government debt in certain countries.

Figure V
Gross domestic product growth projections for 2017 under different oil price assumptions



Source: Department of Economic and Social Affairs, World Economic Forecasting Model simulations.